

Streamlined Sales Tax Governing Board

Embassy Suites
Bloomington, MN

October 4-6, 2021

SCHEDULE OF MEETINGS

Central Time

Monday, October 4, 2021

State and Local Advisory Council (SLAC) Meeting

- Full Group Meeting – 8:30 AM to 3:45 PM
- Business Meeting – 4:00 to 4:30 PM

Hotel Atrium

Breakfast – Available 6:30 to 9:30 AM

Lunch – Available 12:00 to 1:00 PM

Tuesday, October 5, 2021

Business Advisory Council Meeting (BAC) – 8:30 to 10:30 AM- Nokomis Room

Executive Committee Meeting- Cedar Ballroom

- 8:30 to 10:30 AM- Closed Session
- 10:45 to Noon- Open Session

Governing Board Meeting - 1:00 to 5:00 PM - Cedar Ballroom

Hotel Atrium

Breakfast – Available 6:30 to 9:30 AM

Lunch – Available 12:00 to 1:00 PM

Evening Reception – 5:30 to 8:30 PM- Woolley's Kitchen + Bar

Wednesday, October 6, 2021

Governing Board Meeting – 8:30 AM to Noon- Cedar Ballroom

Hotel Atrium

Breakfast available – 6:30 to 9:30 AM

Breaks and Beverages

Regular/decaf coffees, hot tea, soft drinks, snacks and ice water

Delegates				
Last Name	First Name	Title	Agency/Company	Email
Bell	Jessica	Senator	North Dakota Legislative Assembly	ndlatravel@nd.gov
Bramble	Curtis	State Senator	Utah Senate	curt@cbramble.com
Childers	Guy	Audit Manager	DEPT OF TAXATION - CC	gchilders@tax.state.nv.us
Cooper	Tommy	Assistant Director	Georgia Department of Revenue	tommy.cooper@dor.ga.gov
Dobson	Richard	Executive Director, Office of Sales and Excise Taxes	KY Dept of Revenue	richard.dobson@ky.gov
Dockter	Jason	Representative	North Dakota Legislative Assembly	ndlatravel@nd.gov
Fleischer	Shannon	Associate Director, Tax Administration	North Dakota Office of State Tax Commissioner	sfleischer@nd.gov
Hardt	Diane	Administrator, Division of Income, Sales and Excise Taxes	WI Dept of Revenue	heidir.andrews@wisconsin.gov
Harper	Wayne	Senator	State of Utah	wharper@le.utah.gov
Haws	Lisa	Attorney	Oklahoma Tax Commission	lhaws@tax.ok.gov
Jares	Alison	Deputy Director of Business Tax	South Dakota Dept of Revenue	alison.jares@state.sd.us
Jennrich	Tim	Assistant Director	WA State Department of Revenue - ITA Division	TimJe@dor.wa.gov
Jolley	Clark	Commissioner	Oklahoma Tax Commission	clark.jolley@tax.ok.gov
Kennedy	Brian Patrick	Speaker Pro Tempore	RI House of Representatives	rep_kennedy_rilin_state_ri_us@yahoo.com
Molnar	Lawrence	Senior Counsel	Indiana Department of Revenue	lmolnar@dor.in.gov
Neal	Dina	Senator	Nevada State Legislature	dina.neal@sen.state.nv.us
Paulk	Shelly	Commissioner	Oklahoma Tax Commission	shelly.paulk@tax.ok.gov
Reed	Tim	Representative	SD State Legislature	timothysreed@gmail.com
Reilly	Tim	Policy Director	Iowa Department of Revenue	tim.reilly@iowa.gov
Rest	Ann	Senator	State of Minnesota	annr@senate.mn
Walsh	Michael	Tax Policy Manager	Nebraska Department of Revenue	mike.walsh@nebraska.gov
Wilkinson	Lance	Director	Michigan Department of Treasury	wilkinsonl@michigan.gov

Registered Attendees				
Last Name	First Name	Title	Agency/Company	Email
Bailey	Michael		GFOA	baileyno6@msn.com
Bennett	Tim	Director, Sales and Use Tax	Kentucky Department of Revenue	tim.bennett@ky.gov
Bierbaum	Deborah	AVP External Tax Policy	AT&T Services Inc.	bierbaum@att.com
Burton	Tony	Senior Product Manager	Precisely	tony.burton@precisely.com
Centlivre	Gary	VP Operations	TaxCloud	gcentlivre@taxcloud.com
Comanita	Christie	Director of Research and State Compliance	Streamlined Sales Tax Governing Board	christie.comanita@sstgb.org
Drake	Brandi	Senior Director	Charter Communications	brandi.drake@charter.com
Eisenmenger	Jessie		Amazon	eisenmj@amazon.com
Gengarella	Patrick	Tax Manager	BDO USA, LLP	pgengarella@bdo.com
Helton	Virgil		Fast Enterprises	vhelton@gentax.com
Johnson	Jerry	VP of Government Affairs	TaxCloud	jjohnson@taxcloud.com
Johnson	Craig	Executive Director	Streamlined Sales Tax Governing Board	craig.johnson@sstgb.org
Kreikemeier	Blaine	Revenue Auditor Senior	Nebraska Department of Revenue	blaine.kreikemeier@nebraska.gov
Largent	Matthew	External Support Coordinator	WA State Department of Revenue - Interpretations & Technical Advice Division	MatthewL@dor.wa.gov
Martin	Megan	Audit Supervisor	ND Office of State Tax Commissioner	mmartin@nd.gov
Matelski	David	Administrative Law Specialist	Michigan Department of Treasury	matelskid@michigan.gov
Milan	John	CEO	TaxCloud	jmilan@taxcloud.com
Mollenkamp	John	US Stakeholder Relations Manager	Intuit	John_Mollenkamp@intuit.com
Nebergall	Mark	President	SoFTEC	mnebergall@softwarefinance.org
Nicely	Fred	Tax Counsel	Council On State Taxation (COST)	fnicely@cost.org
Paulson	Chad	Principal, SST Government Affairs	Avalara	chad.paulson@avalara.com
Reynolds	Patrick	Tax Counsel	Council On State Taxation (COST)	preynolds@cost.org
Steines	Dave	Tax Specialist	Wisconsin Department of Revenue	david.steines@wisconsin.gov
Stellner	Bobbie	Executive Assistant	Streamlined Sales Tax Governing Board	bobbie.stellner@sstgb.org
Stohlmeyer	Amy	Attorney	IOWA DEPARTMENT OF REVENUE	amy.stohlmeyer@iowa.gov
Webb	Ron	Sales and Special Taxes Supervisor	North Dakota Office of State Tax Commissioner	rwebb@nd.gov

Streamlined Sales Tax Governing Board

Annual Meeting

October 5, 2021 – 1:00 pm – 5:00 pm central

October 6, 2021 – 8:30 am – noon central

Embassy Suites, Bloomington, MN

1. Welcome and roll call of member states
2. Opening Remarks
3. Review and Approval of Governing Board Meeting Minutes
 - May 2021 Governing Board Meeting Minutes ([MM21003](#))
4. Status of Federal Legislation and Federal Activities – Randi Reid
5. Reports of Committees
 - Executive Committee – Senator Ann Rest (MN), President
 - CSP Contract – Status of Contracts for 1/1/2022 – 12/31/2023
 - Trademark Application
 - Federal Affairs Contract
 - New Finance Committee Chair
 - Finance Committee – Richard Dobson (KY), Chair
 - Financial Report – 4th Quarter FYE 6/30/2021 ([FC21004A01](#))
 - Status of Annual Independent Audit
 - FYE 6/30/2022 Proposed Budget Amendment ([FC20006A01](#))
 - FYE 6/30/2023 Proposed Budget ([FC21005](#))
 - Accounting Policies and Procedures ([FC21006](#))
 - Compliance Review and Interpretations Committee – David Steines (WI), Chair
 - 2021 Annual State Compliance Reviews Report ([CI21004](#))
 - Interpretation Opinion – ECG Monitors ([IO21002A01](#))
 - Interpretation Opinion – Providing and Hosting Online Banking Platform ([IO21001A01](#))
 - State and Local Advisory Council – Alison Jares (SD) and Dave Matelski (MI)
 - Report of August Teleconference Meeting
 - Current Workgroups
 - Prepared Food – Amendment to Consider ([SL21014A01/AM21006](#))
 - Exemption Certificates – Resale and Other Exemptions
 - Digital Goods – Using Rate and Jurisdiction Database ([SL21020](#))
 - Personal Protective Equipment ([SL21021](#))
 - Future Workgroups Being Considered
 - Defining Marijuana and Marijuana Products
 - Listing Telecom vs Non-Telecom Services
 - Certification Committee – Tim Bennett (KY), Chair
 - Report of August Meeting
 - Schema Changes
 - Issues Being Addressed by Certification Committee
 - Importance of Test Decks
 - Audit Committee – Megan Martin (ND) and Rachel Williams (SD) Co-Chairs

Streamlined Sales Tax Governing Board

Annual Meeting

October 5, 2021 – 1:00 pm – 5:00 pm central

October 6, 2021 – 8:30 am – noon central

Embassy Suites, Bloomington, MN

- Report of August Meeting
 - State Tax Compliance Audits
 - Issues Being Addressed by Audit Committee
 - Improving Efficiency of CSP Audit Process
6. Business Advisory Council (BAC) Update and Issues to Discuss
 7. CSP Updates and Issues to Discuss With Governing Board
 8. Executive Director Update and Reminders – Craig Johnson
 - Status of Streamlined Registrants and Collections
 - Contacting Nonmember States
 - Other Updates and Reminders
 9. Proposed Amendments to SSUTA for Discussion and Possible Action
 - Definition of Prepared Food – Allowance of Toggle ([AM21006](#))
 10. Proposed Amendments to Rules for Discussion and Possible Action
 - Appendix F – CSP Reports ([RP21006](#)) – Discussion Only
 - Rule 806.1.2 – Finance Administration Policies ([RP21005A01](#))
 11. Interpretive Opinions for Possible Action
 - Interpretive Opinion – ECG Monitors ([IO21002A01](#))
 - Interpretive Opinion – Providing and Hosting Online Banking Platform ([IO21001A01](#))
 12. Election of Officers and Directors for 2022 ([NC21001](#))
 13. Election of Nominating Committee for 2022 ([NC21002](#))
 14. Informational Presentation – Brave New World of Digital Tax and Transactional Documentation – Charles Maniace (Sovos) (10 am central Wednesday, October 6, 2021)
 15. Old Business
 16. New Business – Open Discussion
 17. Adjournment



Streamlined Sales Tax Governing Board Meeting Minutes
Thursday, May 20, 2021, 10:00 am central
Teleconference

Call to Order and Roll Call

President Rest called the meeting to order at approximately 10:00 am central. The roll of the states was called. With 21 full member states present, the quorum was established. Absent were Arkansas, Kansas and Tennessee. Other participants identified themselves.

Review and approve minutes from December 20, 2020 (MM21001)

President Rest stated the minutes from the December 20, 2020 meeting had been posted to the website and a link added to the agenda. She asked for a motion to approve the minutes. Tim Jennrich provided the motion. No comments were received. A voice vote was taken and was unanimous. Motion carried.

Review and approve minutes from March 5, 2021 (MM21002)

President Rest stated the minutes from the March 5, 2021 meeting had been posted to the website and a link added to the agenda. She asked for a motion to approve the minutes. Tim Jennrich provided the motion. No comments were received. A voice vote was taken and was unanimous. Motion carried.

Federal Legislative Update – Randi Reid

Randi Reid provided the federal legislative update. The PowerPoint is located [here](#).

Review and Approval of Sanctions Recommendations from Executive Committee (EC21001A01)

President Rest explained that the Executive Committee approved these sanctions recommendations at its meeting in March and reviewed them again yesterday so they are ready for consideration by the Governing Board. Although these are the Executive Committee's recommendations, the Governing Board may revise them as they see fit.

Craig explained CRIC determined Kentucky to be not in compliance during the annual reviews last year. Kentucky has since passed legislation remedying the situation. Because of this, the Executive Committee is recommending no sanctions be placed on Kentucky. Tim Bennett verified the issue had been resolved through legislation. Fred Nicely of the BAC is pleased Kentucky is back in compliance and approves the recommendation. Rebecca Rockwell motioned to not impose sanctions on Kentucky. No comments were received. A voice vote was taken and was unanimous. Motion carried.

Craig reviewed the items in which Georgia is out of compliance with as well as current sanctions on Georgia from 2020. Georgia had no comments regarding the current sanctions or recommendations. Tim Jennrich motioned to continue the sanctions proposed for Georgia. Fred Nicely on behalf of the BAC stated they are encouraged the SER may be modified to address the issues, but there is growing concern with Georgia continuing to be out of



compliance with the other issues for a number of years and they would like to see these issues addressed as soon as possible. A voice vote was taken and was unanimous. Motion carried.

Committee Reports

- Executive Committee – Senator Ann Rest (MN), President

- Definition of “State” (AM21004)

President Rest stated Craig was contacted by one of the United States territories that asked if they would be eligible to participate in Streamlined based on the current SSUTA definition of “State” since it does not currently include the United States territories. As currently drafted, the SSUTA does not consider the territories to fall within the definition of “State”, however the definition of “State” in the SSUTA does currently include Puerto Rico and the District of Columbia. One of our goals is to have Streamlined grow and to get as many states to participate with Streamlined as possible. If we have territories that have an interest in implementing a sales tax system that is compliant with the Streamlined requirements, they should be commended, and we should welcome them into the organization. Representative Kennedy added it makes sense to update our language so it includes all states and territories. Fred Nicely stated the BAC reviewed this yesterday and there are no concerns from their perspective. Representative Tim Reed motioned to accept the changes to section 213 as stated in AM21004. No comments were received. A voice vote was taken and was unanimous. Motion carried.

- Streamlined Intellectual Property

President Rest explained that we recently had an instance in which the Governing Board staff was contacted by some third parties, as well as some of our CSPs related to an article that had been published and that appeared to be trying to take advantage of the Streamlined brand that the organization has created over its nearly 20 years of existence. One of the people that contacted Craig indicated from their perspective the article was “...very misleading and very likely an intentional false representation...” The headline of the article read “Vertex Announces Partnership with Big Commerce to Deliver Streamlined Sales Tax Compliance Solution”. Craig made the Executive Committee aware of the situation and shared Vertex’s tweet of the article along with a statement that “SST has received inquiries regarding this release – Vertex is not and has never been a Streamlined Sales Tax Certified Service Provider.” The response included a link to Streamlined’s certified service provider information and the list of current CSPs. Craig also provided a response to an email that a Streamlined seller sent to Big Commerce, Streamlined and Vertex. This type of activity shows that there is value to the Streamlined brand and that we need to protect or trademark the brand. A workgroup was formed including Craig, Senator Rest, Senator Bramble, Representative Kennedy and Commissioner Jolley who have met to discuss options in moving forward. Craig will put together the applications for a couple of our trade/service marks and will have attorneys from some of the member states review it and decide if we want to have outside counsel review it at that time or wait for an office action from the USPTO.



- Fall 2021 Governing Board Meeting

President Rest recognized states and businesses are continuing to open and folks are starting to travel. Based on conversations at the Executive Committee, we are planning to hold an in person meeting the week of October 4th in the Saint Paul/Minneapolis area. Senator Rest asked the states and the business community if they believe we should hold the meeting in person or if their preference is to stay virtual. The comments received indicated states anticipate being able to travel by fall so the plan is to move forward with the meeting being in person.

- Finance Committee – Dan Noble (WY), Chair

- Financial Report – 1st, 2nd and 3rd Quarter FYE 6/30/2021 (FC21001A01, FC21002A01, FC21003A01)
- FYE 6/30/22 Dues

Dan Noble stated the finance committee met to review the three financial reports for 2021. He highlighted major items such as the reduced revenue. This was the result of holding no in-person meetings (no registration fees) and because the Governing Board reduced membership dues by 50% for FYE 2021 if the states paid the dues by July 31. All of the states took advantage of the dues reduction. On the expense side, COVID has eliminated all travel which is usually a pretty significant expense each year. The third item to note is these statements were not prepared by our accountant. Craig has taken on this role at least temporarily and spent the time needed to make all the entries in the accounting system and preparing these statements. Representative Kennedy motioned to approve all three financial reports. No comments were received. A voice vote was taken and was unanimous. Motion carried.

Dan noted the original dues structure will return for FYE22. Craig will email the invoices after this meeting to a voting delegate from each state. Please forward these to the appropriate person in your state.

Craig explained the process he is currently working on to potentially bring the accounting in house on a permanent basis – with the exception of the payroll tax calculations and return filing. Dan Noble stated we are working with our outside auditors to ensure they are comfortable with the processes and the separation of duties.

- State and Local Advisory Council – Alison Jares (SD), Dave Matelski (MI) and Christie Comanita (SSTGB)

- Candy Definition Related Issues - Rule 327.8 and Appendix N (RP21001) (RP21004)
- Healthcare Related Issues – Section 327, Appendix L and Appendix E (AM21003) (RP21002) (AM21002)
- Disclosed Practice 8 – Remote Sellers, Marketplace Sellers and Marketplace Facilitators – Appendix E and Tax Administration Practices Matrix (SL20017A04) (SL20003A07)
- Taxability Matrix and Certificate of Compliance Updates (SL21007, SL21008) (SL21006)



- Workgroups
 - Exemption Certificates

Alison Jares provided a short update regarding the items SLAC has been working on. She stated several workgroups will be formed to discuss exemption certificates, marijuana, PPE and a prepared food toggle. Christie will be sending an email asking for participants. Craig added that there will be another workgroup formed relating to digital goods.

All amendments listed above were voted on. The discussion and vote tallies with respect to each of these items are listed below in the appropriate sections of these minutes.

- Compliance Review and Interpretations Committee – David Steines (WI), Chair
 - CRIC Request Form Revision (SL21009)

Dave Steines provided the CRIC report. He thanked the CRIC members for their work. He explained the changes being proposed to the CRIC Definition/Interpretation Request Form as shown in SL21009. Dan Noble motioned to approve SL21009. No comments were received. A voice vote was taken and was unanimous. Motion carried.

Dave discussed the compliance reviews and the goal of having them completed by the October Governing Board Meeting.

- Certification Committee - Tim Bennett (KY)
 - Schema Changes
 - Issues being addressed by Certification Committee

Tim Bennett stated we discussed the possible schema changes at the Executive Committee meeting yesterday. We are going to schedule another meeting within the next few weeks to continue discussions on the suggested changes. Everyone needs to recognize that if schema changes are made to the registration system schema and SER schema, all of the states, CSPS and others using the current schemas will need to make changes and they will all need to be done at the same time. We don't want to have two different sets of schema being used simultaneously.

The change to the technology guide shown on MC21001 was made regarding the alternate boundary file when reporting alternate tax on the SER. Tim and Jody Bartels explained the change. Tim Bennett motioned to approve MC21001. No comments were received. A voice vote was taken and was unanimous. Motion carried.

- Audit Committee- Megan Martin (ND)
 - State Tax Compliance Audits
 - Appendix F Revisions Workgroup



- Audit Core Team
- Issues being addressed by Audit Committee

Megan Martin reminded states about the state tax compliance audits of the CSPs and asked them to please try to get them wrapped up as soon as possible if they aren't yet finished. She stated the audit core team lost a very valuable member and sent condolences to Shannon Hugel's family and the state of Washington. We have gained a new audit core team member Neil Upsahl from Washington. She is confident he will do a great job. Megan explained a situation in North Dakota brought up by a CSP regarding MTC audits where a CSP client was included in the MTC audit. She reminded the states that when a seller is receiving CSP services, those audits need to go through the CSP. In their case, North Dakota only included the period the taxpayer was not a CSP client in the MTC audit.

Megan indicated that they had been working on revisions to Appendix F and asked Craig Johnson to walk through the proposed changes in RP21003. Craig explained the changes being proposed to Appendix F and indicated that both he states and the CSPs had reviewed the changes as this affects both groups and any concerns were addressed. The majority of the changes are the result of changes in terms and terminology used in the recently approved CSP contract in place for 2021 – 23. Representative Tim Reed motioned to approve the changes. No comments were received. A voice vote was taken and was unanimous. Motion carried.

Business Advisory Council Update and Issues to Discuss

Fred Nicely spoke on behalf of the BAC. They had a productive meeting and look forward to going back to in person meetings. They have an exemption administration subcommittee and they look forward to working with the SLAC workgroup on those issues. The BAC wants everyone to know they still strongly encourage nonmember states to participate in Streamlined, even if they can't become full members.

Deborah Bierbaum discussed the federal broadband program related to COVID 19 and a program that is available which provides credits to help cover costs of modems, routers and internet access as well as a one-time credit for additional devices. The purpose is to provide broadband for low-income people or people that suffered because of the pandemic. This program has become very popular and they have had a large influx of people sign up. She surveyed the states and was getting varied answers. Craig commented that we will be sending out a survey to the states and we need responses as soon as possible. He reminded the states there was a somewhat similar program in 2008-2009 related to the digital to analog converter boxes and coupons that were issued. If states take a look at how they handled that issue, it may help them answer the questions related to this new program.

Representative Kennedy commented that the BAC has been very patient with our states during the pandemic, etc. and he wanted them to know that it is appreciated.



Certified Service Providers Update and Issues to Discuss

Jerry Johnson spoke on behalf of the National Association of Certified Service Providers. He stated they appreciate the Governing Board and the work they have done this year. They expressed support of the schema changes and expanding the use of the SER. As far as getting more states involved, they hope to engage other members of the BAC to see if they can work together in relation to reaching out to non-member states to encourage participation.

Jerry indicated they are also concluding the state audits and finished the contract compliance with the Governing Board. Since they have finished this cycle, they will now go back to see if there are ways to improve the process.

Jerry stated there have been discussions relating to Appendix F. They believe it is appropriate to look at changing Appendix F requirements as the volume of data is pretty daunting which is a great problem to have, but perhaps there are some fields that may no longer be needed; or CSPs can provide data in a more summary fashion that would still allow states to do their checks—perhaps flexibility in how the data is provided.

Jerry also indicated that he is hopeful the CSPs and states can work together to do more verification of the accuracy of the CSP systems through the use of test decks and he looks forward to working with the Governing Board in this area.

Executive Director Updates and Reminders – Craig Johnson

Craig provided his Executive Director update.

He welcomed the new members of the Executive Committee that were elected to two-year terms that run through December 31, 2022. They are Dan Noble – Wyoming – Secretary/Treasurer; Senator Curt Bramble Utah – Director; Senator Jessica Bell – North Dakota – Director; Laura Stanley – Ohio – Director.

Craig provided a number of reminders including:

- When a state's delegates change they need to notify the Governing Board of those changes.
- When state's legislative sessions end to please remember to send the information related to any sales tax changes. He also indicated that SST is willing to review draft legislation to help ensure it does not create any compliance problems if enacted.
- Annual compliance review documents are due by August 2, but the sooner they can be submitted the better.

Craig indicated we are approaching 15,000 active registered sellers. Keep in mind that at the time Wayfair was decided we only had about 39,000 active sellers so we have grown significantly.



Craig indicated that one of the challenges that we continue to face is making sure sellers know and understand their collection and reporting responsibilities in states where they have no physical presence. We all need to remember that many of us eat, sleep and breathe sales tax – and are familiar with the Wayfair decision and remote seller collection responsibilities and expectations. We forget that Wayfair overturned over 50 years of a physical presence standard that was in place and that businesses had grown to rely on and understand. It is also easy to lose sight of the fact that many of the businesses that are out there, right or wrong, are focused on growing their business, meeting their customer demands and making sure they stay afloat – and taxes, especially sales taxes in many cases are an afterthought. We need to make sure businesses understand their collection and reporting requirements when they are making remote sales and try to make it as easy as we can for them.

Craig indicated we have a great opportunity to work together as a group of states (and members of the business community) to educate a huge number of sellers about possible collection and reporting obligations in states where they have no physical presence - as well as the tools available through Streamlined to help them comply. If each state educates its own sellers about possible collection and reporting obligations for other states all of the member states would likely see an increase in the number of sellers coming forward and collecting and reporting their taxes. This is also an opportunity to promote some goodwill with each state's own in-state registered sellers by making them aware of the CSP program and tools available that can help them efficiently manage their sales tax collection and reporting obligations in other states.

Craig indicated that SST has completed the survey of sellers registered through SST. The purpose was to obtain feedback related to the registration system and the CSPs. The general consensus was that sellers like and appreciate what the CSPs do and what Streamlined has done. In addition, numerous comments were received indicating that this is great for the 24 member states, but we need to get all the states to do this. Some went so far as to say that it should be mandatory for states before they can make remote sellers collect their tax. This shows that all of you as states working together and in partnership with the business community and the certified service providers is making a difference and making it easy for businesses to be able to comply with your states sales tax requirements

Craig reminded the states to please be thinking about succession planning as some of the folks that have been participating in Streamlined for many years are getting ready to retire. It is important that multiple people in each state are aware of the SSUTA requirements if the program is going to continue on successfully.

Craig thanks the states, business community and CSPs for their continued support and work with and for Streamlined.

Proposed Amendments to SSUTA for Discussion and Possible Action

- Section 213 – Definition of “State” (AM21004)



This amendment was discussed and the vote was taken to adopt the amendment during the Executive Committee Report earlier in the day. During that discussion, Representative Reed motioned to accept the changes to section 213 as stated in AM21004. No comments were received. A voice vote was taken and was unanimous. Motion carried.

- Section 327 – Library of Definitions (AM21003)

Alison explained the amendment proposed with respect to Section 327 to make sure Section 327 was consistent with the information contained in Disclosed Practice 7. She also made it clear that with respect to the items noted in Disclosed Practice 7, there may be absolute uniformity, but the states will be able to clearly identify how they classify each of the products listed in Disclosed Practice 7. The business community representatives indicated that they recognized there may not be absolute uniformity with some of these items and appreciated the states making the classifications clear in Disclosed Practice 7. Dan Noble motioned to approve AM21003. No comments were received. A voice vote was taken and was unanimous. Motion carried.

- Appendix E – Disclosed Practice 7 – Classification of Medical Products (AM21002)

Alison explained that this amendment was related to the Section 327 amendment she just described and the purposes is to clarify the information contained in Disclosed Practice 7 and add the example specifically related to ECG monitors. Tim Jennrich motioned to approve AM21003. No comments were received. A voice vote was taken and was unanimous. Motion carried.

- Appendix E – Disclosed Practice 8 – Collection and Remittance Requirements for Remote Sellers, Marketplace Sellers and Marketplace Facilitators (SL20017A04) (SL20017A05)

Christie walked through the information contained in Disclosed Practices 8. She indicated at the SLAC meeting the day before some proposed changes to the document that was noticed were discussed and are being recommended. Those changes are highlighted in the document listed as SL20017A05 and is shown on the screen. Dan Noble motioned to approve the amendments as shown in SL20017A05. No comments were received. A voice vote was taken and was unanimous. Motion carried. Representative Reed then motioned to approve SL20017A05 as amended. No comments were received. A voice vote was taken and was unanimous. Motion carried. Representative Kennedy motioned to waive the second vote on these disclosed practices so that the states will be expected to have these completed by the time their annual state compliance documents are due on August 1. Laura Stanley asked if any states had concerns they will not be able to fill out this document prior to the annual certification. No comments were received from the states. A voice vote was taken and was unanimous. Motion carried.

Proposed Amendments to Rules for Discussion and Possible Action

- Appendix F – CSP Reports (RP21003)



RP21003 was voted on during the Audit Committee report. Craig Johnson walked through the changes in RP21003. Tim Reed motioned to approve the changes. No comments were received. A voice vote was taken and was unanimous. Motion carried.

- Appendix L – Healthcare List (RP21002)

Alison Jares indicated that the changes to Appendix L are related to the amendments voted on and approved with respect to Section 327 and Disclosed Practice 7. Appendix L is part of the SSTGB Rules and identifies how the Governing Board classifies certain medical products. The majority of the changes relate to a revision in the terminology used in the last column and referring users to Disclosed Practice 7 for those items not specifically classified by the SSTGB. Representative Reed motioned to approve RP21002. No comments were received. A voice vote was taken and was unanimous. Motion carried.

- Appendix N – Classification of Products as Candy (RP21004)

Alison Jares stated RP21004 shows the changes to Appendix N which classifies various products as either candy or food or food ingredients. The amendment is made to make the appendix consistent with the recently adopted language in the SSUTA related to dried fruit which has a sweetener added. Diane Hardt motioned to approve RP21004. No comments were received. A voice vote was taken and was unanimous. Motion carried.

- Rule 327.8 – Food and Food Ingredients Definitions – Candy (RP21001)

Alison Jares stated RP21001 is an amendment to make SSTGB Rule 327.8 consistent with the amendment that allows a state to exclude dried fruit with a sweetener added from the definition of candy.. Diane Hardt motioned to approve RP21001. No comments were received. A voice vote was taken and was unanimous. Motion carried.

Proposed Amendments to Disclosed Practices Matrix

- Disclosed Practice 7 – Classification of Medical Products

Jody brought up on the screen and Craig walked through the changes to Disclosed Practice 7 to show how those items will be shown in the disclosed practices section of the taxability matrix. A separate vote is not being taken on them but they will be voted on when the taxability matrix changes as a whole are considered.

- Disclosed Practice 8 – Collection and Remittance Requirements for Remote Sellers, Marketplace Sellers and Marketplace Facilitators (SL20003A07)

Jody brought up on the screen and Craig walked through and explained how the various questions being asked in Disclosed Practice 8 will be shown in the disclosed practices section of the taxability matrix. A separate vote is not being taken on them but they will be voted on when the taxability matrix changes as a whole are considered.

Amendments to Other Documents for Governing Board Approval



- Taxability Matrix Revisions (SL21007, SL21008)

Christie walked through the highlighted changes on SL21008 Taxability Matrix Library of Definitions. The taxability matrix used to contain two sections – one for the Library of Definitions and a second section for the Tax Administration Practices. Due to the increase in number and length of disclosed practices, we split the document into two separate documents. There are now separate documents the states will need to complete. One document is the Taxability Matrix: Library of Definitions and the other document is the Taxability Matrix: Tax Administration Practices. Representative Kennedy motioned to approve both SL21007 and SL21008. Craig asked if he also intended to include in his motion approval of the changes to Disclosed Practice 7 and Disclosed Practice 8 as discussed a short time ago. Representative Kennedy indicated he intended that to be included in his motion. No comments were received. A voice vote was taken and was unanimous. Motion carried.

- Certificate of Compliance Revisions (SL21006)

Christie walked through the changes highlighted in the Certificate of Compliance - SL21006. The changes relate to presidentially declared states of emergency and amnesty for registration in section 402. Representative Kennedy motioned to approve SL21006. No comments were received. A voice vote was taken and was unanimous. Motion carried.

- Technology Guide Revisions (MC21001)

This was voted on during the Certification Committee report. Changes were made to the technology guide as shown in document MC21001 regarding the alternate boundary file when reporting alternate tax on the SER. Tim and Jody Bartels explained the change. Tim Bennett motioned to approve MC21001. No comments were received. A voice vote was taken and was unanimous. Motion carried.

Old Business

None

New Business

None

Adjournment

Commissioner Jolley motioned to adjourn at 3:20 PM Central.

Streamlined Sales Tax Governing Board
Quarterly Financial Report
Fourth Quarter of Fiscal Year Ending June 30, 2021

This report reflects the income and expenses of the Streamlined Sales Tax Governing Board, Inc. (SSTGB) for the twelve months of Fiscal Year Ending June 30, 2021 (FYE 2021).

The Income Statement includes a comparison of the Budgeted Income and Expense amounts for FYE 2021 to the year-to-date actual expenses as of June 30, 2021, along with a year-to-date percentage of the budgeted amounts utilized. It should be noted that similar to the previous three quarters, the COVID-19 pandemic was still ongoing throughout this entire quarter and eliminated all travel and in-person meetings.

The Balance Sheet for the period ended June 30, 2021 includes the account balances at the end of the quarter, along with an indication of how the account balances changed since the beginning of the fiscal year. On June 30, 2021, assets of the SSTGB totaled \$1,468,689 of which 99% was held in the form of cash or cash equivalents. The remainder was comprised of furniture and equipment, a rent deposit, and prepaid expenses at the end of the fiscal year.

The documents continue to show the stable financial condition of the SSTGB and budgeted expenses were less than anticipated through the fiscal year.

Major budgetary items reflected in the fourth quarter of FYE 2021 income statement include:

- Salary, benefits, and payroll taxes for all employees totaled approximately \$109,000 during the quarter. Unused vacation and sick leave liabilities increased by approximately \$7,000 for the fiscal year.
- Central registration system and website related expenses totaled about \$28,000.
- Expenses related to the federal affairs consulting contract totaled \$22,500.
- Other expenses were generally in line with the previous fiscal quarters.

(It is important to note that with the ongoing pandemic, the financial activities that took place during this quarter are not reflective of the normal activities that would have taken place if the pandemic had not been occurring. Travel expenses and Meeting income and expenses would have been significantly higher.)

Streamlined Sales Tax Governing Board, Inc.

Statement of Activity

July 2020 - June 2021

	FYE 6/30/2021 Budget	1st Quarter JUL - SEP, 2020	2nd Quarter OCT - DEC, 2020	3rd Quarter JAN - MAR, 2021	4th Quarter APR - JUN, 2021	Year-to-Date TOTAL	Percentage of Budgeted Amount
Beginning Balance	\$1,368,406.00	\$1,368,406.00	\$1,720,413.19	\$1,559,094.73	\$1,427,163.31	\$1,368,406.00	100%
Revenue							
Member Dues	491,825	491,825.07	0.00	0.00	0.00	491,825.07	100%
Interest Income	15,000	1,522.58	11,241.18	1,554.24	1,796.78	16,114.78	107%
Spring Meeting Registrations	25,000						0%
Fall Meeting Registrations							
Total Revenue	\$531,825.00	\$493,347.65	\$11,241.18	\$1,554.24	\$1,796.78	507,939.85	96%
Expenses							
Accounting Services	\$ 6,500	2,362.50	0.00	0.00	74.00	2,436.50	37%
Auditing Services	\$ 13,000	0.00	8,000.00	4,500.00		12,500.00	96%
Bank Charges & Credit Card Fees	\$ 1,200	233.55	332.55	284.54	233.55	1,084.19	90%
Central Registration System Enhancements	\$ 10,000						0%
Central Registration System - Hosting	\$ 28,000	3,820.00	7,640.00	1,910.00	7,640.00	21,010.00	75%
Central Registration System - Maint, Support & Licenses	\$ 60,000	8,084.95	16,199.80	4,079.85	16,199.80	44,564.40	74%
Computer Equipment and Furniture	\$ 5,000						0%
Federal Affairs Consulting	\$ 90,000	18,750.00	22,500.00	12,500.00	22,500.00	76,250.00	85%
Insurance	\$ 2,500	554.57	943.00	(319.00)		1,178.57	47%
Law Service and Books	\$ 3,500		330.00			330.00	9%
Legal Services	\$ 25,000						0%
Meetings - Committee Meetings	\$ 5,000						0%
Meetings - Fall Meeting Expenses	\$ -						
Meetings - Spring Meeting Expenses	\$ 30,000	500.00	0.00	0.00		500.00	2%
Miscellaneous Expenses	\$ 2,800	0.00	285.00	139.73	73.21	497.94	18%
Office Supplies	\$ 4,000	97.24	998.97	418.56	613.33	2,128.10	53%
Other Contractual Services	\$ 25,000	0.00	238.00	0.00	175.00	413.00	2%
Payroll - Salaries	\$ 390,000	91,107.30	96,764.38	92,592.60	99,639.19	380,103.47	97%
Payroll Services	\$ 3,500	546.92	988.21	857.34	672.84	3,065.31	88%
Payroll Tax Expenses	\$ 32,000	6,969.72	6,469.87	8,146.25	7,058.79	28,644.63	90%
Postage	\$ 1,000	0.00	58.85	0.00		58.85	6%
Printing	\$ 1,500						0%
Programming - Online Certificate of Compliance	\$ 2,000						0%
Programming - Online Taxability Matrix	\$ 2,000				1,350.00	1,350.00	68%
Rent - Westby Office	\$ 10,000	3,100.00	2,325.00	2,325.00	1,550.00	9,300.00	93%
Reserve	\$ 25,000						0%
Retirement Expense	\$ 11,000	1,652.75	2,272.43	2,627.00	2,357.04	8,909.22	81%
Telecommunications Services	\$ 15,000	782.01	2,699.26	1,195.28	2,257.22	6,933.77	46%
Travel - Audit Chair	\$ 3,000						0%
Travel - Audit Core Team	\$ 10,000						0%
Travel - Certification Chair	\$ 2,500						0%
Travel - CRIC Chair	\$ 1,500						0%
Travel - Employee	\$ 55,000	0.00	52.45	0.00		52.45	0%
Travel - Legislative Delgates	\$ 25,000						0%
Travel - Other	\$ 25,000	(562.50)	0.00	0.00		(562.50)	-2%
Travel - SLAC Chair	\$ 3,000						0%
Travel - State Auditor Training	\$ -	1,000.00	0.00	0.00		1,000.00	
Travel - State Delegates	\$ 20,000	610.92	0.00	0.00		610.92	3%
Utilities	\$ 2,000	215.37	194.26	240.99	234.86	885.48	44%
Website Development and Hosting	\$ 11,000	833.32	2,585.77	1,251.53	4,794.90	9,465.52	86%
Website Updates	\$ -						
Depreciation	\$ 4,000	681.84	681.84	735.99	735.99	2,835.66	71%
Total Expenses	\$966,500.00	\$141,340.46	\$172,559.64	\$133,485.66	\$168,159.72	\$615,545.48	64%
Net Surplus/Deficit for Budget Period	(\$434,675.00)	\$352,007.19	(\$161,318.46)	(\$131,931.42)	(\$166,362.94)	(\$107,605.63)	25%
Ending Balance	\$933,731.00	\$1,720,413.19	\$1,559,094.73	\$1,427,163.31	\$1,260,800.37	\$1,260,800.37	135%

Streamlined Sales Tax Governing Board, Inc.						
Statement of Financial Position						
As of June 30, 2021						
	Balances	Balances	Balances	Balances	Balances	Change From
	July 1, 2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021	Beginning of Year
ASSETS						
Current Assets						
Bank Accounts						
WCCU - CDs	1,104,988.64	1,104,988.64	100,000.00	100,000.00	100,000.00	
WCCU - Checking	96,604.50	100,659.01	28,341.21	71,225.30	147,084.95	
WCCU - Money Market	318,066.70	569,518.94	1,485,740.70	1,312,287.53	1,214,074.70	
WCCU - Savings	0.00	(5.00)	(5.00)	(5.00)	(5.00)	
Total Bank Accounts	\$1,519,659.84	\$1,775,161.59	\$1,614,076.91	\$1,483,507.83	\$1,461,154.65	(58,505.19)
Other Current Assets						
Prepaid Expenditures	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	8,739.63	3,714.63	714.63	714.63	3,924.87	(4,814.76)
Total Other Current Assets	\$ 8,739.63	\$ 3,714.63	\$ 714.63	\$ 714.63	\$ 3,924.87	
Total Current Assets	\$1,528,399.47	\$1,778,876.22	\$1,614,791.54	\$1,484,222.46	\$1,465,079.52	(63,319.95)
Fixed Assets						
Equipment - All Combined	0.00	0.00	0.00	0.00	0.00	0.00
Computer Equipment	43,280.28	43,280.28	43,280.28	43,280.28	16,233.88	(27,046.40)
Accumulated Depreciation - Computer Equipment	(38,351.15)	(39,032.99)	(39,714.83)	(40,396.67)	(14,032.11)	24,319.04
Total Computer Equipment	\$ 4,929.13	\$ 4,247.29	\$ 3,565.45	\$ 2,883.61	\$ 2,201.77	
Fixed Asset Furniture		0.00	1,516.47	1,516.47	1,516.47	1,516.47
Accumulated Depreciation - Furniture		0.00	0.00	(54.15)	(108.30)	(108.30)
Total Fixed Asset Furniture		0.00	1,516.47	1,462.32	1,408.17	
Total Equipment - All Combined	\$ 4,929.13	\$ 4,247.29	\$ 5,081.92	\$ 4,345.93	\$ 3,609.94	
Total Fixed Assets	\$ 4,929.13	\$ 4,247.29	\$ 5,081.92	\$ 4,345.93	\$ 3,609.94	(1,319.19)
TOTAL ASSETS	\$1,533,328.60	\$1,783,123.51	\$1,619,873.46	\$1,488,568.39	\$1,468,689.46	(64,639.14)
LIABILITIES AND EQUITY						
Liabilities						
Current Liabilities						
Other Current Liabilities						
Deferred Member Dues	92,266.36	0.00	0.00	0.00	138,424.55	46,158.19
General Accounts Payable	12,851.73	1,550.68	231.94	231.94	2,618.44	(10,233.29)
Payroll Tax Payable	0.34	0.34	0.34	0.34	0.34	0.00
Retirement Payable		1,360.13	747.28	1,373.63	0.00	0.00
Sick Leave Payable	14,887.99	14,887.99	14,887.99	14,887.99	17,352.31	2,464.32
Vacation Payable	44,918.33	44,918.33	44,918.33	44,918.33	49,500.60	4,582.27
Total Other Current Liabilities	\$ 164,924.75	\$ 62,717.47	\$ 60,785.88	\$ 61,412.23	\$ 207,896.24	
Total Current Liabilities	\$ 164,924.75	\$ 62,717.47	\$ 60,785.88	\$ 61,412.23	\$ 207,896.24	42,971.49
Total Liabilities	\$ 164,924.75	\$ 62,717.47	\$ 60,785.88	\$ 61,412.23	\$ 207,896.24	42,971.49
Equity						
Opening Balance Equity	1,368,403.85	1,368,398.85	1,368,398.85	1,368,398.85	1,368,398.85	(5.00)
Retained Earnings	0.00	0.00	0.00	0.00	0.00	0.00
Net Revenue	0.00	352,007.19	190,688.73	58,757.31	(107,605.63)	(107,605.63)
Total Equity	\$1,368,403.85	\$1,720,406.04	\$1,559,087.58	\$1,427,156.16	\$1,260,793.22	
TOTAL LIABILITIES AND EQUITY	\$1,533,328.60	\$1,783,123.51	\$1,619,873.46	\$1,488,568.39	\$1,468,689.46	(64,639.14)

Streamlined Sales Tax Governing Board Inc.,	
Statement of Cash Flows	
July 2020 - June 2021	
	Total
OPERATING ACTIVITIES	
Net Revenue	(107,605.63)
Adjustments to reconcile Net Revenue to Net Cash provided by operations:	0.00
1-3000 Prepaid Expenditures	0.00
1-3001 Prepaid Expenses	(3,924.87)
1-4002 Equipment - All Combined:Computer Equipment:Accumulated Depreciation - Computer Equipment	14,032.11
1-4004 Equipment - All Combined:Fixed Asset Furniture:Accumulated Depreciation - Furniture	108.30
2-2000 General Accounts Payable	2,618.44
2-2001 Payroll Tax Payable	0.34
2-2002 Retirement Payable	0.00
2-2003 Sick Leave Payable	17,352.31
2-2004 Vacation Payable	49,500.60
2-3000 Deferred Member Dues	138,424.55
Total Adjustments to reconcile Net Revenue to Net Cash provided by operations:	\$ 218,111.78
Net cash provided by operating activities	\$ 110,506.15
INVESTING ACTIVITIES	
1-4001 Equipment - All Combined:Computer Equipment	(16,233.88)
1-4003 Equipment - All Combined:Fixed Asset Furniture	(1,516.47)
Net cash provided by investing activities	(17,750.35)
FINANCING ACTIVITIES	
3-1000 Opening Balance Equity	1,368,398.85
Net cash provided by financing activities	\$1,368,398.85
Net cash increase for period	\$1,461,154.65
Cash at end of period	\$1,461,154.65

Streamlined Sales Tax Governing Board
October 2021
FYE June 30, 2022 Budget (Amendment Proposed)

	Approved FYE 22	Amended FYE 22 Proposed	Proposed Change
BEGINNING BALANCE	\$ 933,731	\$ 1,260,793	\$ 327,062
INCOME			
Member payments	\$ 983,650	\$ 983,650	\$ -
Member payments held in escrow	\$ -	\$ -	\$ -
Investment income	\$ 15,000	\$ 15,000	\$ -
Other income	\$ -	\$ -	\$ -
Meeting Income	\$ 45,000	\$ 40,000	\$ (5,000)
TOTAL INCOME	\$ 1,043,650	\$ 1,038,650	
EXPENSES			
Salaries and Benefits			
Payroll - Salaries	\$ 395,000	\$ 395,000	\$ -
Payroll Taxes	\$ 32,000	\$ 32,000	\$ -
Retirement Expense	\$ 11,000	\$ 11,000	\$ -
Subtotal- Salaries	\$ 438,000	\$ 438,000	
Office Expense			
Telecommunications	\$ 16,000	\$ 12,000	\$ (4,000)
Printing	\$ 1,500	\$ 1,500	\$ -
Office Materials and Supplies	\$ 4,000	\$ 5,000	\$ 1,000
Postage and Delivery	\$ 1,000	\$ 1,000	\$ -
Law Service and Books	\$ 3,500	\$ 3,500	\$ -
Depreciation	\$ 5,000	\$ 4,000	\$ (1,000)
Computer Equipment and Furniture	\$ 5,000	\$ 6,000	\$ 1,000
Insurance	\$ 3,000	\$ 3,000	\$ -
Bank Charges and Credit Card Fees	\$ -	\$ 1,200	\$ 1,200
Miscellaneous Expenses	\$ 4,000	\$ 4,000	\$ -
Subtotal-Office Expense	\$ 43,000	\$ 41,200	
Travel			
Employee Travel	\$ 65,000	\$ 65,000	\$ -
Other travel	\$ 35,000	\$ 30,000	\$ (5,000)
Chairperson Travel (SLAC, Audit, Cert & CRIC)	\$ 20,000	\$ 22,000	\$ 2,000
Legislative Travel	\$ 25,000	\$ 25,000	\$ -
State Delegate/Designee Travel	\$ 40,000	\$ 40,000	\$ -
State Auditor Training Travel Reimb	\$ -	\$ -	\$ -
Audit Core Team Travel	\$ 10,000	\$ 10,000	\$ -
Subtotal- Travel	\$ 195,000	\$ 192,000	
Contractual Services			
Rent - Office Space	\$ 13,000	\$ 9,600	\$ (3,400)
Utilities	\$ -	\$ 3,400	\$ 3,400
Central registration			
Annual Hosting	\$ 28,000	\$ 28,000	\$ -
Annual Maintenance, Support and Licenses	\$ 60,000	\$ 60,000	\$ -
Development of New System (System Updates)	\$ 15,000	\$ 15,000	\$ -
Website Updates	\$ -	\$ -	\$ -
Accounting and Payroll Services	\$ 11,000	\$ 11,000	\$ -
Legal Services	\$ 25,000	\$ 25,000	\$ -
Fund Audit	\$ 14,000	\$ 14,000	\$ -
Website Development and Hosting	\$ 11,000	\$ 11,000	\$ -
Federal Affairs Consulting	\$ 90,000	\$ 75,000	\$ (15,000)
Other			
Other	\$ 25,000	\$ 25,000	\$ -
Subtotal - Cont. Svcs.	\$ 292,000	\$ 277,000	
Meeting Expenses			
Semi Annual Meetings	\$ 55,000	\$ 45,000	\$ (10,000)
Committee Meetings	\$ 8,000	\$ 10,000	\$ 2,000
Reserve	\$ 25,000	\$ 25,000	\$ -
Online Taxability Matrix	\$ 2,500	\$ 2,500	\$ -
Online Certificate of Compliance	\$ 2,500	\$ 2,500	\$ -
TOTAL EXPENSES	\$ 1,061,000	\$ 1,033,200	
Surplus/Deficit for Budget Period	\$ (17,350)	\$ 5,450	\$ 22,800
ENDING BALANCE	\$ 916,381	\$ 1,266,243	\$ 349,862

Streamlined Sales Tax Governing Board
October 2021
FYE June 30, 2023 Proposed Budget

	Amended FYE 22 Proposed		FYE 23 Proposed		Proposed Change
BEGINNING BALANCE	\$	1,260,793	\$	1,260,793	\$ -
INCOME					
Member payments	\$	983,650	\$	983,650	\$ -
Member payments held in escrow	\$	-	\$	-	\$ -
Investment income	\$	15,000	\$	15,000	\$ -
Other income					\$ -
Meeting Income	\$	40,000	\$	50,000	\$ 10,000
TOTAL INCOME	\$	1,038,650	\$	1,048,650	
EXPENSES					
Salaries and Benefits					
Payroll - Salaries	\$	395,000	\$	400,000	\$ 5,000
Payroll Taxes	\$	32,000	\$	33,000	\$ 1,000
Retirement Expense	\$	11,000	\$	12,000	\$ 1,000
Subtotal- Salaries	\$	438,000	\$	445,000	
Office Expense					
Telecommunications	\$	12,000	\$	12,000	\$ -
Printing	\$	1,500	\$	1,500	\$ -
Office Materials and Supplies	\$	5,000	\$	5,000	\$ -
Postage and Delivery	\$	1,000	\$	1,000	\$ -
Law Service and Books	\$	3,500	\$	4,000	\$ 500
Depreciation	\$	4,000	\$	4,000	\$ -
Computer Equipment and Furniture	\$	6,000	\$	5,000	\$ (1,000)
Insurance	\$	3,000	\$	3,000	\$ -
Bank Charges and Credit Card Fees	\$	1,200	\$	1,200	\$ -
Miscellaneous Expenses	\$	4,000	\$	5,000	\$ 1,000
Subtotal-Office Expense	\$	41,200	\$	41,700	
Travel					
Employee Travel	\$	65,000	\$	65,000	\$ -
Other travel	\$	30,000	\$	30,000	\$ -
Chairperson Travel (SLAC, Audit, Cert & CRIC)	\$	22,000	\$	24,000	\$ 2,000
Legislative Travel	\$	25,000	\$	25,000	\$ -
State Delegate/Designee Travel	\$	40,000	\$	40,000	\$ -
State Auditor Training Travel Reimb	\$	-	\$	-	\$ -
Audit Core Team Travel	\$	10,000	\$	10,000	\$ -
Subtotal- Travel	\$	192,000	\$	194,000	
Contractual Services					
Rent - Office Space	\$	9,600	\$	10,000	\$ 400
Utilities	\$	3,400	\$	3,400	\$ -
Central registration					
Annual Hosting	\$	28,000	\$	28,000	\$ -
Annual Maintenance, Support and Licenses	\$	60,000	\$	60,000	\$ -
Development of New System (System Updates)	\$	15,000	\$	15,000	\$ -
Website Updates	\$	-	\$	-	\$ -
Accounting and Payroll Services	\$	11,000	\$	11,000	\$ -
Legal Services	\$	25,000	\$	25,000	\$ -
Fund Audit	\$	14,000	\$	14,000	\$ -
Website Development and Hosting	\$	11,000	\$	11,000	\$ -
Federal Affairs Consulting	\$	75,000	\$	75,000	\$ -
Other	\$	25,000	\$	25,000	\$ -
Subtotal - Cont. Svcs.	\$	277,000	\$	277,400	
Meeting Expenses					
Semi Annual Meetings	\$	45,000	\$	55,000	\$ 10,000
Committee Meetings	\$	10,000	\$	10,000	\$ -
Reserve	\$	25,000	\$	25,000	\$ -
Online Taxability Matrix	\$	2,500	\$	2,500	\$ -
Online Certificate of Compliance	\$	2,500	\$	2,500	\$ -
TOTAL EXPENSES	\$	1,033,200	\$	1,053,100	
Surplus/Deficit for Budget Period	\$	5,450	\$	(4,450)	\$ (9,900)
ENDING BALANCE	\$	1,266,243	\$	1,256,343	\$ (9,900)

SSTGB In-House Accounting Procedures

SSTGB Process for Making Deposits, Payment of Expenses, Payment of Payroll, Recording of Transactions, Bank Reconciliations and Generating Financial Statements If Accounting Kept In-House

Listed below are the procedures to be in place if the accounting records for the SSTGB are kept in-house. From the Executive Director's perspective, the primary concern is the segregation of duties or adequate review of duties to help ensure the assets of the SSTGB are fully protected and best practices followed.

1. Deposits

Most payments to the SSTGB are made through electronic funds transfers from the payor directly into the SSTGB bank account. However, some state membership dues and some payments for meeting registrations are made via paper check. No cash payments are accepted.

a. Procedures for Paper Checks Received/Deposited

- Paper check arrives at SSTGB office
- Check amount is entered on deposit slip by the Executive Director
 - If check relates to payment of a state's dues, that information is recorded on the dues payment tracking spreadsheet
 - If the check relates to payment of registration for a meeting, that is recorded on the meeting registrations spreadsheet
 - If the check relates to something else (i.e., insurance refund) that is noted in a memo prepared by the Executive Director and provided to the Executive Assistant
- The Executive Assistant makes an electronic copy of the check and the deposit slip and maintains that as supporting documentation
- The check is taken to the financial institution for deposit by either the Executive Director or the Executive Assistant.
- The deposit slip received from the financial institution is attached to the copy of the check and deposit slip to show the full amount was deposited and used by the Executive Assistant to make the required entry into the accounting system (QuickBooks online)

b. Procedures for EFT Deposits (presumes written notice of remittance is received from payor)

- Amount on notice of remittance is traced to bank account to verify deposit was made
 - If deposit relates to payment of a state's dues, that information is recorded on the dues payment tracking spreadsheet
 - If the deposit relates to payment of registration for a meeting, that is recorded on the meeting registrations spreadsheet
 - If the deposit relates to something else (i.e., insurance refund) that is noted in a memo prepared by the Executive Director and provided to the Executive Assistant
- Notice of remittance (and memo if applicable) is provided to Executive Assistant as supporting documentation for the deposit
- Executive Assistant records the deposit in the accounting system as appropriate depending on what the deposit is related to (QuickBooks online)
- The notice of remittance or written explanation from the Executive Director related to the EFT deposit is maintained as supporting documentation related to that deposit

SSTGB In-House Accounting Procedures

SSTGB Process for Making Deposits, Payment of Expenses, Payment of Payroll, Recording of Transactions, Bank Reconciliations and Generating Financial Statements If Accounting Kept In-House

2. Payment of Expenses

Payment of expenses incurred by the SSTGB are made using electronic funds transfers where possible. Reimbursements to state employees, legislative delegates, and others typically for travel expenses to attend various Governing Board related meetings are generally paid through the use of a paper check generated through the financial institution's bill pay system rather than electronic funds transfer. No expenses are paid using cash. Some expenses are paid using the SSTGB credit card (i.e., employee travel, meeting/hotel fees, etc.). Any payments to the Executive Director such as travel reimbursements must be approved in writing by the Secretary-Treasurer/Finance Committee Chair. If over \$2,000, the payment must also be approved in writing by the President of the Governing Board. The written approval may be in the form of an e-mail sent directly to the Executive Director from the President or Secretary-Treasurer's e-mail address approving such payment. The e-mails shall be maintained as evidence of approval for payment of the related invoice by the President or Secretary-Treasurer.

a. Procedures for Expenses Not Charged to Credit Card

- Bill for payment received by SSTGB
- Executive Director reviews bill and approves for payment if OK
 - If the bill is for an amount greater than \$2,000, the bill is sent via email to the Secretary/Treasurer (Finance Committee Chair) for review and approval for payment
- Once required approvals are received, Executive Director sets up the invoice for payment using the financial institution's "bill pay" service
- Executive Director sends the approved bill for payment to the Executive Assistant indicating that payment has been set up and the amount and account(s) to charge the expense to
- The Executive Assistant will enter the amounts in the accounting system (QuickBooks online) and maintain the supporting documentation for the entry. Support for the entry will be the email approval (s) received from the Executive Director along with the invoice itself
- On a monthly basis, the Executive Director will determine any journal entries that are needed, the basis for them (i.e., record monthly depreciation expense, calculate and record year-end accruals, etc.) and provide them via email to the Secretary-Treasurer (Finance Committee Chair) for review and approval and to the Executive Assistant for entry into the QuickBooks accounting system. The written approval may be in the form of an e-mail sent directly to the Executive Director from the Secretary-Treasurer's e-mail address approving such journal entries. The e-mail shall be maintained as evidence of approval of the journal entries by the Secretary-Treasurer.
- The Executive Assistant will make the journal entries and maintain the emails that describe and explain the entries made for support documentation

b. Procedures for Payment of Expenses Charged to Credit Card

- Credit card statement for month comes due for payment
 - Only Executive Director and Executive Assistant have SSTGB credit cards (AMEX)

SSTGB In-House Accounting Procedures

SSTGB Process for Making Deposits, Payment of Expenses, Payment of Payroll, Recording of Transactions, Bank Reconciliations and Generating Financial Statements If Accounting Kept In-House

- Purchases to be charged to credit card are reviewed and approved by the Executive Director
 - If greater than \$2,000, the purchases must also be approved by the Secretary/Treasurer or the President
- As purchases are made using the credit card, invoices are compiled and then matched up to credit card statement over the course of the month
 - Some bills are set up for automatic charging to the credit card – monthly email service (Nashville Computer), monthly mobile phone service (Verizon), monthly registration email service (SendGrid), monthly accounting software fee (Quick Books), etc. Those bills are available and reviewed online.
- When the credit card balance is to be paid, the Executive Director downloads the credit card statement and reviews the statement and invoices to determine the account each of the amounts are to be charged to
- The Executive Director prepares an Excel spreadsheet summarizing which accounts the total amount of the credit card payment is to be charged and provides that to the Executive Assistant
- The Executive Director makes the payment of the credit card balance electronically and provides the electronic receipt and Excel spreadsheet to the Executive Assistant to verify payment
- The Executive Assistant verifies that copies of all of the invoices charged to the statement have been received and maintains that as supporting documentation
- The Executive Assistant enters the payment in the accounting system allocating the payment to the various accounts indicated in the spreadsheet provided by the Executive Director

c. Procedures for Payment of Payroll

- Payroll is paid twice a month – fifteenth of the month and last day of the month
- Employee salaries are reviewed and any changes approved by the Executive Committee
- The Executive Director's salary is set based on the employment contract that is approved by the Executive Committee
- Any changes in the level of compensation are reviewed and approved by the Executive Committee
- The SSTGB contracts with Paychex to handle all payroll and payroll tax calculation, collection and reporting requirements
- For each pay period, the Executive Director logs into the Paychex payroll system to set up the payroll for that period
- A payroll journal is created in the Paychex system
- The journal is downloaded and reviewed by the Executive Director. If correct, it is sent to the Secretary-Treasurer (Finance Committee Chair) for final review and written approval. The written approval may be in the form of an e-mail sent directly to the Executive Director from the Secretary-Treasurer's e-mail address approving such payroll. The e-mail shall be maintained as evidence of approval for payment of the related payroll by the Secretary-Treasurer.
- Once approved by the Secretary-Treasurer (Finance Committee Chair), the Executive Director logs back into the Paychex system to approve that period's payroll journal for payment

SSTGB In-House Accounting Procedures

SSTGB Process for Making Deposits, Payment of Expenses, Payment of Payroll, Recording of Transactions, Bank Reconciliations and Generating Financial Statements If Accounting Kept In-House

- Paychex pulls the total amount from the SSTGB bank account and makes the net payroll payments electronically to each employee after calculating and subtracting the taxes and appropriate withholdings (SIMPLE IRA/retirement plan contributions)
- Paychex pulls the withheld taxes including the SSTGB portion of the taxes due based on the payroll journal from the SSTGB bank account, prepares and files the required returns and submits them to the appropriate taxing jurisdictions
- For the retirement program, Paychex calculates the amounts withheld for each employee's contribution to the SIMPLE IRA as a payroll deduction
- The employee contribution deduction is shown in the payroll journal and accrued in the accounting records each pay period.
- Within 5 days after the payroll date, the accrued employee contributions and the employer match (up to 3%) are paid to Franklin Templeton and recorded in the accounting records
- No changes to the total bi-monthly payroll amounts are made, unless the Executive Committee reviews and approves changes and it is documented in the Executive Committee minutes
- If a change is approved by the Executive Committee, an Employee Change/Termination form is completed and approved as needed and sent to Paychex to note the payroll adjustments
- Paychex generates the W-2s for the employees

3. Procedures for Bank Reconciliations

- On a monthly basis, the Executive Director will download the bank statement from the financial institution, obtain the general ledger and bank account details from the Executive Assistant
- The Executive Director will verify the amounts that have cleared (deposits and payments) based on the bank statements and the amounts that are outstanding (deposits and payments) based on the general ledger
- The Executive Director will reconcile the balance per the bank statement to the balance per the general ledger
- The Executive Director will also reconcile the cash balance per books from the previous period to the current cash balance per the books by adding in all of the deposits made during the month and subtracting out all payments made during the month
- The Executive Director will send the bank statement, general ledger and bank account activity details along with the bank reconciliations to the Secretary-Treasurer (Finance Committee Chair) for review and written approval. The written approval may be in the form of an e-mail sent directly to the Executive Director from the Secretary-Treasurer's e-mail address approving such reconciliation. The e-mail shall be maintained as evidence of approval of the reconciliation by the Secretary-Treasurer.

4. Procedures for Generating Financial Statements and Reports

- Within 30 days after the end of each calendar quarter, the Executive Assistant will generate the Statement of Activities (Income Statement), Statement of Financial Position (Balance Sheet) and

SSTGB In-House Accounting Procedures

SSTGB Process for Making Deposits, Payment of Expenses, Payment of Payroll, Recording of Transactions, Bank Reconciliations and Generating Financial Statements If Accounting Kept In-House

Statement of Cash Flows for the quarter in QuickBooks, export it to Excel and provide it to the Executive Director

- Each report will break down the expenses by calendar quarter and also provide fiscal year-to-date totals
- The reports are standard reports generated in QuickBooks
- If there are any outstanding accounts receivables or accounts payable, those will be identified
- The Executive Director will review those Statements and use them to put together the quarterly financial report for the Finance Committee
- The Finance Committee will hold a public meeting to review, discuss and approve the quarterly reports

5. Annual Financial Audit

- On an annual basis, an independent financial audit will be completed and a formal report issued
- The results of the audit will be reviewed by and discussed with the Finance Committee and the Governing Board

(Note: At any point in time, the Finance Committee and Executive Committee members can request and be provided details directly from QuickBooks and supporting documentation for any transaction entered into by the SSTGB.)

A motion by Michigan to amend Appendix C, Part II, Product Definitions, Food and Food Products, the definition of “prepared food” to allow states to either tax or exempt items that would become prepared food if a seller exceeds the 75% test and makes utensils available.

“Prepared food” means:-

- (i) Food sold in a heated state or heated by the seller;
- (ii) Two or more food ingredients mixed or combined by the seller for sale as a single item; or
- (iii) Food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used to transport the food.

A.1. Substances within “food and food ingredients” may be taxed differently than “prepared food.”

2. For purposes of C.1., a state may exclude from “prepared food,” “bottled water,” “candy,” “dietary supplements,” “soft drinks” and items identified in subsection F. that would otherwise be exempt from tax in the state, but which would be considered “prepared food” if utensils are made available to the customer at the seller’s location. “Food and food ingredients” for which plates, bowls, glasses, cups or bowls are necessary for the purchaser to receive the food remain “prepared food.” If a state does not specifically adopt an exclusion under this subsection, these items are “prepared food.”

B. “Prepared food” in B. “Two or more food ingredients mixed or combined by the seller for sale as a single item” under (ii) does not include food that is only cut, repackaged, or pasteurized by the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the Food and Drug Administration in chapter 3, part 401.11 of its Food Code so as to prevent food borne illnesses.

C. “Food sold with eating utensils provided by the seller” in (iii) means:

- 1. For a seller with a “prepared food sales percentage” of greater than 75% calculated per D. below,
 - a. The seller makes eating utensils available to purchasers or,
 - b. A food item has four or more servings packaged as one food item sold for a single price if and the seller physically gives or hands the eating utensils to purchasers. It is not prepared food if utensils are only made available, and the food is otherwise not considered prepared food. Serving sizes shall be determined based on a label on an item sold. If no label is available a seller must reasonably determine the number of servings in an item.
- 2. For a seller with a “prepared food sales percentage” of 75% or less calculated per D. below, food is sold with eating utensils provided by the seller if the seller’s business practice is to physically give or hand eating utensils to purchasers, except that plates, bowls, glasses and cups, necessary for the purchaser to receive the food need only be made available to purchasers.
- 3. Food is not sold with eating utensils provided by the seller if the food items have a utensil placed in a package with the food items by a person other than the seller, and that other person’s NAICS classification code is that of a manufacturer, sector 311. For any packager with any other NAICS classification code, the seller is considered to have provided the eating utensil.

A motion by Michigan to amend Appendix C, Part II, Product Definitions, Food and Food Products, the definition of “prepared food” to allow states to either tax or exempt items that would become prepared food if a seller exceeds the 75% test and makes utensils available.

D. “Prepared food sales percentage” means a percentage determined by dividing the following described numerator by the following described denominator:

1. The numerator shall consist of the seller’s annual sales of prepared food described in (i) and (ii) and food sold when plates, bowls, glasses, or cups are necessary to receive the food. The numerator shall not include alcoholic beverages or food a member state has excluded from prepared food as permitted under the Agreement.

2. The denominator shall consist of the seller’s total annual sales of all food and food ingredients and prepared food, excluding alcoholic beverages.

E. 1. A seller must calculate the prepared food sales percentage for each tax year or business fiscal year based on the seller's data from the prior tax year or business fiscal year, as soon as possible after accounting records are available, but not later than 90 days after the beginning of the seller's tax year or business fiscal year.

2. A single prepared food sales percentage shall be determined annually for all the seller's establishments in this state.

3. A new seller shall make a good faith estimate of its prepared food sales percentage for its first year in business. A new seller must adjust its good faith estimate prospectively after the first 3 months of its business operation if actual prepared food sales percentages materially affect the 75% threshold described in D. 1 and 2.

F. The following items may be taxed differently than “prepared food” and each other, if sold without eating utensils provided by the seller, but may not be taxed differently than the same item when classified under “food and food ingredients.”

1. Food sold by a seller whose proper primary NAICS classification is manufacturing in sector 311, except subsector 3118 (bakeries).
2.
 - a. Food sold in an unheated state by weight or volume as a single item; or
 - b. Only meat or seafood sold in an unheated state by weight or volume as a single item.
3. Bakery items, including bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas.
4. Food sold that ordinarily requires additional cooking (as opposed to just reheating) by the consumer prior to consumption.

~~Substances within “food and food ingredients” may be taxed differently if sold as “prepared food.” A state shall tax or exempt from taxation “bottled water,” “candy,” dietary supplements,” and “soft drinks” that are sold as “prepared food” in the same manner as it treats other substances that are sold as “prepared food.”~~

See Compiler’s Notes for history.

SST Reports

The SST Governing Board Executive Director requires data from all Certified Service Providers (CSPs) pertaining to the CSP Services provided to sellers under the CSP contract entered into with the Streamlined Sales Tax Governing Board (SSTGB). CSPs are only required to provide a seller's data (compensation, audit, and control total files) for those states in which the CSP is providing CSP Services for that seller under the CSP contract (i.e., those states in which the seller is a "CSP-compensated seller" under the CSP contract). Section B.1. of the CSP contract allows the CSP and a seller registered through the Central Streamlined Sales Tax Registration System, but who is not a "CSP compensated seller" in one or more of the member states, to agree that the CSP will not provide CSP Services for that seller in those particular states. In addition to providing a seller's data to those states in which the seller is a "CSP compensated seller", the data also must be provided to the Core Team.

The administrators of the individual states may also require the Model 2 sellers to send the data for the states which the qualifying seller receives compensation based on a contract entered into with the SSTGB.

A. Each CSP shall provide complete audit workfiles, compensation files and control total files as explained in this Appendix F for the first three (3) full calendar months the CSP provides CSP-compensated services to each of its sellers and a product mapping file if utilized. These files shall be provided monthly and uploaded no later than the last day of the month following the month to which the data relates (i.e., January monthly data must be uploaded by the end of February). If these files are required beyond the initial 3-month period, the CSP will be notified in writing of such requirement by the SSTGB Executive Director. (Note: If the CSP has an alternative method that efficiently allows states and SSTGB staff to obtain the same information as would otherwise be contained in the audit data files, compensation files, control total files and product mapping file, the CSP may request written approval from the SSTGB Executive Director to use this alternative method in lieu of submitting the data files. The SSTGB Executive Director shall consult with the member States prior to providing written authorization for using an alternative method. The approval of the alternative method can be rescinded prospectively by written notification to the CSP from the SSTGB Executive Director.)

SSTGB staff may review the files submitted for potential issues, including but not limited to missing address information, missing or unclear product descriptions, and missing exemption data elements.

Any potential issues identified will be communicated in writing via email. Within 10 business days of receiving such communication, the CSP shall acknowledge receipt of such communication. The CSP may, but is not required to, indicate what action it took in response to the potential issues identified. This correspondence will be provided to the Audit Core Team to aid in its completion of the CSP contract compliance audits.

SSTGB staff may also summarize the amounts contained in the audit, compensation and totals files by seller by state and verify, on a sample basis, that these amounts tie to the actual return filed with the state. States will provide a contact person for SSTGB staff to send the summary information for verification. The State will verify the summarized amounts match the amounts reported to the State. Any discrepancies will be communicated to the CSP for resolution with the state. Any discrepancies detected and related correspondence will be provided to the Audit Core Team to aid in its completion of the CSP contract compliance audit.

B. For each CSP-compensated seller which the CSP has been providing CSP Services for more than three (3) months, unless notified in writing by the SSTGB Executive Director that audit, compensation and control total files are needed for additional periods for such seller, the CSP has the option to either (i) continue providing the audit work file, compensation report and control total files as explained in this Appendix F or (ii) in lieu of providing these files for all sellers, the CSP may provide a Summary Report and control totals file for all sellers, including those sellers described in Section A. above. A State may request that the CSP provide the audit work file, compensation report files and product mapping files if utilized for any CSP-compensated seller for periods such CSP provided CSP Services to such seller and upon which the CSP already provided the Summary Report information. The CSP shall provide those files within 30 days of such request.

File Location: Each CSP will place the required files in a centralized secure location as determined by the SSTGB Executive Director. All files shall be placed in a single file folder identifying the type of data and period. Only one compressed file folder shall be used when combining multiple states data. As an example, January 2021 files for all states shall be combined to a single condensed folder labeled “2021 Appendix F Files” within the CSP’s Core Team subfolder.

Date Required: Required reports and files in the following specified formats will be provided monthly, ~~quarterly or annually. Annual files must be uploaded no later than February 15th of each year. This data will be for the previous calendar year. Monthly and quarterly files and~~ must be uploaded no later than the last day of the month following the month ~~(or quarter)~~ to which the data relates (i.e., January monthly data must be uploaded by the end of February). In cases where the CSP utilizes Product Mapping files, these files will be uploaded at the same time as the data ~~reports~~files. Model 2 filers will provide their files to the respective states as requested by each state auditor at the time of audit.

File Format: Files will be in a comma delimited (.csv) format. The CSPs and Model 2 filers will ensure there are no commas contained within the record fields.

- If the CSP combines the data, compensation and control total files into a zip file for convenience during the upload process, the file name should be listed as follows:
 - The first three characters represent the last three numbers of the SST CSP ETIN, as shown on the SER or the Model 2 filer’s SSTID.

- Fourth and fifth characters represent the two character alpha state abbreviation or “ED” in the case of the Executive Director report.

File Names: The file names for the compensation, audit and control totals files will be constructed as follows:

- The first three characters represent the last three numbers of the SST CSP ETIN, as shown on the SER or the Model 2 and Model 3 filer’s SSTID.
- Fourth and fifth characters represent the two character alpha state abbreviation or “ED” in the case of the Executive Director report.
- Sixth character represents the data type: C (compensation report), A (audit work file), S (summary report) or T (control totals file).
- Seventh and eighth characters represent the year the information is for.
- Ninth and tenth characters represent the data reporting period: month, ~~quarter or year~~ (e.g., 01 – January, 02 – February; ~~Q1 – Quarter 1, Q2 – Quarter 2; YR – January through December~~).
- Eleventh and twelfth characters represent the version designator (e.g., V1).
- Thirteenth through eighteenth characters represent the date uploaded to the centralized secure location in yymmdd format.

Example: Compensation data file from Test CSP, Inc. (CSP000001) for Arkansas for ~~the year July~~ of 202~~2~~4, version 1, submitted to the centralized secure location on ~~February 15~~August 31, 2022 would be named: 001ARC2~~2~~4YR~~07~~07V122~~0215~~0831.csv

The file name for the product mapping file will be constructed as follows:

- The first character represents the data type: M (product mapping).
- Second through tenth characters represents the Seller SSTID.
- Eleventh and twelfth characters represent the year the information is for.
- Thirteen through fifteenth characters represent the last three numbers of the SST CSP ETIN, as shown on the SER.
- Sixteenth and seventeenth characters represent the version designator (e.g., V1).
- Eighteenth through twenty-third characters represent the date submitted to the centralized secure location in yymmdd format.

Example: Product mapping data file from Test CSP, Inc. (CSP000001) submitted to the centralized secure location for the ~~year-month~~ of May 202~~2~~4, on ~~February 15~~June 30, 2022 would be named: MS999999992~~4~~2001V1220~~263015~~263015.csv

This naming convention will be used for all files to be transferred, as addressed within this document.

Requirements for Compensation Report

Each CSP must provide compensation data for states where the seller is a CSP-compensated seller. This data must be uploaded to the centralized secure location.

This data is required to be in the aggregate for each seller. Model 2 filers do not file a compensation report. In addition to providing a seller's compensation data to those states in which the seller is a "CSP compensated seller", the data also must be provided to the Core Team.

Compensation Reports are submitted monthly and are due by the last day of the month following the month in which the compensation was claimed by February 15th of each year. ~~This data will be for the previous calendar year.~~

Amended return data will be included in the year the amended return is filed. The data on the amended return line should show the net increase or net decrease resulting from the amended return.

The compensation data file will contain the following information:

Field	Field Name	Description	Format	Maximum Length
1	Seller SSTID		Alpha/Numeric	9
2	Startup Date	Century, Year and Month seller started with CSP	CCYYMM	6
3	Reporting Period	<u>Period return covers</u>	CCYYMM	6
4	Month Filed	When return was filed	CCYYMM	6
5	Return Type	(O) Original, (A) Amended	Alpha	1
6	Comp Allowance Allowed	Y (yes), N (no)	Alpha	1[CJ1]
7	Tax Due for Month	Amount from CSP-Compensated Sellers	Numeric	15 including 2 decimals
8	Cumulative Tax Due for <u>this Seller for this all States for Current Compensation Reporting Calendar Year (CSP-compensated Sellers Only)</u>	<u>Compensation year is a 12-month calendar period from the Startup Date Tax due for the current calendar year</u>	Numeric	15 including 2 decimals
9	Tier One Tax Amount		Numeric	15 including 2 decimals
10	Tier One Compensation		Numeric	15 including 2 decimals
11	Tier Two Tax Amount		Numeric	15 including 2 decimals
12	Tier Two Compensation		Numeric	15 including 2 decimals
13	Tier Three Tax Amount		Numeric	15 including 2 decimals
14	Tier Three Compensation		Numeric	15 including 2 decimals
15	Tier Four Tax Amount		Numeric	15 including 2 decimals

APPENDIX F

16	Tier Four Compensation		Numeric	15 including 2 decimals
17	Tier Five Tax Amount		Numeric	15 including 2 decimals
18	Tier Five Compensation		Numeric	15 including 2 decimals
19	Tier Six Tax Amount		Numeric	15 including 2 decimals
20	Tier Six Compensation		Numeric	15 including 2 decimals
21	Tier Seven Tax Amount		Numeric	15 including 2 decimals
22	Tier Seven Compensation		Numeric	15 including 2 decimals
23	Affiliated Seller ID	Used to identify Affiliated Seller/Groups	Alpha/Numeric	30

APPENDIX F

Examples of Compensation Tables or Files for the year of 2021

Executive Director Report:

Seller SSTID	Startup Date	Reporting Period	Month Filed	Return Type	Comp Allowance Allowed	Tax Due for Month for All States	Cumulative Tax Due for Seller for all States for Current Reporting Calendar Year (CSP-Compensated Sellers Only)	Tier One Tax Amount	Tier One Compensation	Tier Two Tax Amount	Tier Two Compensation
S00000001	200609	202104	202105	O	Y	3500.00	23700.00	3500.00	280.00	0.00	0.00
S00000001	200609	202105	202106	O	Y	3000.00	26700.00	3000.00	240.00	0.00	0.00
S00000001	200609	202106	202107	O	Y	2000.00	28700.00	2000.00	160.00	0.00	0.00
S00000002	200704	202104	202105	O	Y	1400000.00	1600000.00	1400000.00	820000.00	0.00	0.00
S00000002	200704	202105	202106	O	Y	1400000.00	2100000.00	1400000.00	820000.00	0.00	0.00
S00000002	200704	202106	202107	O	Y	1200000.00	3120000.00	50000100000.00	450000.00	10000050000.00	35002000.00

Specific State Report:

Seller SSTID	Startup Date	Reporting Period	Month Filed	Return Type	Comp Allowance Allowed	Tax Due for Month	Cumulative Tax Due for all States Seller for Current Reporting Calendar Year (CSP-Compensated Sellers Only)	Tier One Tax Amount	Tier One Compensation	Tier Two Tax Amount	Tier Two Compensation
S00000001	200609	202104	202105	O	Y	185.00	23700.001000.00	185.00	14.80	0.00	0.00
S00000001	200609	202105	202106	O	Y	111.50	1111.5026700.00	111.50	8.92	0.00	0.00
S00000001	200609	202106	202107	O	Y	175.75	28700.001287.25	175.75	14.06	0.00	0.00
S00000002	200704	202104	202105	O	Y	150000.00	400000200000.00	150000.00	4207500.00	0.00	0.00
S00000002	200704	202105	202106	O	Y	250000.00	200000.00450000.00	2500250000.00	12500.00	0.00	0.00

APPENDIX F

S00000002	200704	202106	202107	O	Y	3150 000.00	300000.00 600000.00	4500 50000.00	422500.00	4500 10000 0.00	4052000.00
-----------	--------	--------	--------	---	---	------------------------	--	--------------------------	----------------------	-------------------------------	-----------------------

Requirements for Audit Work Files

The audit work files shall be provided as follows:

(a) A CSP shall provide each state and the Core Team with a file for those sellers which the CSP is providing CSP Services under the CSP contract entered into with the SSTGB (CSP-compensated sellers only); and

(b) A Model 2 filer shall provide a file as requested by the administrator of the individual state.

Each state's file shall contain all the taxable and exempt records in the format indicated below for its state only. Fields 1 through 24 are required to be provided for all records. Fields 39, 40, and 41 are optional fields as determined necessary by each CSP. If an exemption by certificate is claimed, the remaining fields are also required to be completed using information from the Certificate of Exemption. In the case of Model 1 sellers, while the CSP is required to have a system in place to compile exemption certificates, they should not be considered out of contract compliance if not all the fields are populated, since many smaller sellers may not have the capability to enter the data elements as a part of the transaction data. In these instances, the CSP shall provide this information as a separate file in cases where not all fields are populated. If Model 2 Sellers do not have exemption information in an electronic format, hard copies may be provided.

The audit work file will contain the following information:

Field	Field Name	Description	Format	Maximum Length
1	Seller SSTID	Seller SSTID	Alpha/Numeric	9
2	Seller Name	Seller Name	Alpha	210
3	Transaction Number	Invoice or other number required to identify the transaction source document	Alpha/Numeric	210
4	Transaction Line Item	Individual Line Number to be used in conjunction with the Transaction Number	Alpha/Numeric	4
5	Transaction Date	Century, Year, Month and Day the tax was calculated	CCYYMMDD	8
6	Total Amount of Sale	Includes Exempt and Taxable Amounts by State per Transaction Line Item	Numeric	15 including 2 decimals

APPENDIX F

7	Total Taxable Amount	Taxable Amount per Transaction Line Item	Numeric	15 including 2 decimals
8	Total Exempt Amount	Exempt Amount per Transaction Line item	Numeric	15 including 2 decimals
9	Total Tax Amount	Sum of all Jurisdictional tax amounts per Transaction Line Item	Numeric	15 including 2 decimals
10	Seller's SKU Number	Provide the SKU Number that identifies the seller's product	Alpha/Numeric	15
11	Seller's Description of the Item Sold	Provide the seller's invoice level description of item sold	Alpha/Numeric	210
12	CSP/CAS SKU Number	Provide the SKU Number that the item sold was mapped to	Alpha/Numeric	15
13	CSP/CAS SKU Description for the Item Sold	Provide the CSP/CAS SKU description for the item sold	Alpha/Numeric	210
14	Taxing Jurisdiction Code 1 (FIPS/GNIS/Composite/Name)	Taxing Jurisdiction Code used to report this transaction on the SER	Alpha/Numeric	100
15	Taxing Jurisdiction Code 2 (FIPS/GNIS/Name)	Taxing Jurisdiction Code used to report this transaction on the SER	Alpha/Numeric	100
16	Taxing Jurisdiction Code 3 (FIPS/GNIS/Name)	Taxing Jurisdiction Code used to report this transaction on the SER	Alpha/Numeric	100
17	Taxing Jurisdiction Code 4 (FIPS/GNIS/Name)	Taxing Jurisdiction Code used to report this transaction on the SER	Alpha/Numeric	100
18	Taxing Jurisdiction Code 5 (FIPS/GNIS/Name)	Taxing Jurisdiction Code used to report this transaction on the SER	Alpha/Numeric	100
19	Ship to Address1 **	Address line 1	Alpha/Numeric	210
20	Ship to Address2 **	Address line 2	Alpha/Numeric	210
21	Ship to City **	Name of city	Alpha	40
22	Ship to State **	2- Character State abbreviation	Alpha	2
23	Ship to Zip Code **	9 character zip code	Alpha/Numeric	9
24	Ship to Country **	3 character country abbreviation	Alpha	3
25	Exemption Type	(T) Taxable , (E) Entity, (P) Product	Alpha	1
26	State Where Exemption is Claimed	2- Character State abbreviation	Alpha	2
27	Name of Purchaser		Alpha	40
28	Type of Purchaser ID	"Tax ID", "FEIN", "DLN" or "FDN"	Alpha	6
29	Purchaser ID Number	This is the ID specified in field - Type of Purchaser ID	Alpha/Numeric	20
30	Purchaser Mailing Address		Alpha/Numeric	210

APPENDIX F

31	Purchaser City		Alpha	40
32	Purchaser State	2- Character State abbreviation	Alpha	2
33	Purchaser Zip Code	9 character zip code	Alpha/Numeric	9
34	Purchaser Country	3 character country abbreviation	Alpha	3
35	Purchaser Business Type Number	2-digit number	Numeric	2
36	Purchaser Business Type Description	Must be completed if "Other" is selected as the Purchaser Business Type	Alpha	40
37	Purchaser Exemption Reason Code	Letter selected on exemption form	Alpha	1
38	Purchaser Exemption Reason Description	If Purchaser Exemption Reason Code is 'Other' - provide the standard description of the exemption	Alpha	210
39	SER Filing Period	SER month represented by transaction (For example the Jan-dated transaction is reported on the Jan SER)	CCYYMM	6
40	Alternate Transaction Number	Seller Invoice Number if not recorded in Transaction Number field 3	Alpha/Numeric	210
41	Optional Transaction Information	Optional field for use by CSP. Not optional field for states.	Alpha/Numeric	210

Additional Information: The "Seller's Description of the Item Sold" shall be the seller's invoice level description. Freight and discounts should be separate transaction line items.

** Field will contain address information as to where the item was shipped. If purchased over-the-counter the information will be the address where the item was sold.

Control Totals: Each CSP and Model 2 filer will provide a notification of control totals for each file distributed to every state, the Core Team, Executive Director and others to assure that the audit and compensation files contain the same data that produced the related SERs and to verify that all records provided by each CSP or Model 2 filer are fully received by the intended parties.

The control totals will be summarized by each State. The report should be in one file such as Excel or another agreed-upon format. This notification shall include the following control total data elements for each State:

- Total number of line items
- Sum for total sales
- Sum for total taxable sales
- Sum for total exempt sales
- Sum for total tax

The control totals file will contain the following information:

Field	Field Name	Description	Format	Maximum Length
1	Ship To State	State name based on Ship To Address	Alpha	2
2	Total Number of Line Items	Sum of all line items for data download by State	Numeric	15
3	Total Sales Amount	Sum of total sales for data download by State	Numeric	15 including 2 decimals
4	Total Taxable Sales Amount	Sum of total taxable sales for data download by State	Numeric	15 including 2 decimals
5	Total Exempt Sales Amount	Sum of total exempt sales for data download by State	Numeric	15 including 2 decimals
6	Total Tax Amount	Sum of total tax amount for data download by State	Numeric	15 including 2 decimals

If a seller is not reporting on a normal calendar month basis, the CSP or Model 2 filer needs to ensure that all transaction records that comprise totals reported on the SERs for the year are included in the file.

Each state shall receive only those records where their state is included in the "Ship to State" field.

Product Mapping Files: A separate "Product Mapping" file will be required when the following occurs;

1. Seller SKU or other seller unique code is sent but seller item description is not;
2. Seller sends CSP SKU or other CSP code (mapping is done in seller system using CSP codes); or
3. Insufficient item sold information is passed from the Seller to the CSP.

~~The CSP will provide a Product Mapping Report when insufficient item sold information is passed from the Seller to the CSP.~~ The file will include the Seller's Identifying Code of Products Sold, the Seller's Description of the Products, the CSP SKU Numbers to which the products were mapped and the CSP SKU Description.

The product mapping file will contain the following information:

Field	Field Name	Description	Format	Maximum Length
1	Seller SSTID	Seller SSTID	Alpha/Numeric	9
2	Beginning Effective Date	Century, Year, Month and Day	CCYYMMDD	8
3	Ending Effective Date	Century, Year, Month and Day	CCYYMMDD	8[CJ3]
4	Seller's SKU Number	Provide the SKU Number that identifies the seller's product	Alpha/Numeric	15
5	Seller's Description of the Item Sold	Provide the seller's invoice level description of item sold	Alpha/Numeric	210
6	CSP/CAS SKU Number	Provide the SKU Number that the item sold was mapped to	Alpha/Numeric	15
7	CSP/CAS SKU Description for the Item Sold	Provide the CSP/CAS SKU description of item sold	Alpha/Numeric	210

Requirements for Summary Report

In lieu of providing the audit work file, compensation report and control total files as described above, a CSP may provide a Summary Report containing the fields described below and the control totals file for all CSP-compensated sellers described in A. and B.

A State may request that the CSP provide the audit work file, compensation report and control total detail files for any CSP-compensated sellers included in the Summary Report. The CSP shall provide those files within 30 days of such request.

Field	Field Name	Description	Format	Maximum Length
1	Seller SSTID	Seller SSTID	Alpha/Numeric	9
2	Seller Name	Seller Name	Alpha	210
3	Total Sales	Total Sales for Reporting Period	Numeric	15 including 2 decimals
4	Total Product-based Exemptions	Total Product-based Exemptions Amount for Reporting Period	Numeric	15 including 2 decimals
5	Record count of Product-based exemptions	Total lines containing product-based exemptions	Numeric	15
6	Total Entity-based Exemptions	Total Entity-based Exemptions Amount for Reporting Period	Numeric	15 including 2 decimals
7	Record count of Entity-based exemptions	Total lines containing entity-based exemptions	Numeric	15

APPENDIX F

<u>8</u>	<u>Total Taxable Sales</u>	<u>Total Taxable Sales Amount for Reporting Period</u>	<u>Numeric</u>	<u>15 including 2 decimals</u>
<u>9</u>	<u>Total State Tax</u>	<u>Total State Tax Amount for Reporting Period</u>	<u>Numeric</u>	<u>15 including 2 decimals</u>
<u>10</u>	<u>Total Local Tax</u>	<u>Total Local Tax Amount for Reporting Period</u>	<u>Numeric</u>	<u>15 including 2 decimals</u>
<u>11</u>	<u>Total CSP Compensation</u>	<u>Total CSP Compensation Claimed for Reporting Period</u>	<u>Numeric</u>	<u>15 including 2 decimals</u>
<u>12</u>	<u>Total Record Count</u>	<u>Total Record Count by Transaction Line for Reporting Period</u>	<u>Numeric</u>	<u>15</u>
<u>13</u>	<u>Optional</u>	<u>For CSP Use</u>	<u>Alpha/Numeric</u>	<u>210</u>

Rule 806.1.2 – Finance Administration Policies

A. Basic Policy Statement

The Streamlined Sales Tax Governing Board, Inc. (Governing Board) is committed to responsible financial management. The entire organization including the Governing Board, Executive Committee, Standing Committees and staff will work together to make certain that all financial matters of the organization are addressed with care, integrity, and in the best interest of the Governing Board.

The rules and procedures contained in this section are designed to:

1. Protect the assets of the Governing Board;
2. Ensure the maintenance of accurate records of the Governing Board's financial activities;
3. Provide a framework of operating standards and behavioral expectations;
4. Ensure compliance with federal, state, and local legal and reporting requirements. The Executive Director has the responsibility for ensuring compliance with policies and procedures that have been approved by the Governing Board. The Executive Director shall have primary responsibility for ensuring that proper Financial Management procedures are performed and that the policies of the Board are carried out; and
5. Exceptions to written policies may only be made with the prior approval of the Finance Committee. Changes or amendments to these policies may be approved by the Governing Board at any time. A complete review of the financial policies shall be conducted initially one year after adoption of these policies and every two years hence.

B. Line of Authority

1. The Governing Board has the authority to execute any policies it deems to be in the best interest of the organization within the parameters of the Streamlined Sales and Use Tax Agreement, bylaws, and federal, state, and local law.
2. The Finance Committee has the authority to perform regular, in-depth reviews of the organization's financial activity; oversee the development of the annual budget; determine the allocation of investment deposits; and assure that adequate internal controls are in place.
3. The Executive Director has the authority to make spending decisions within the parameters of the approved budget, enter into contractual agreements within board designated parameters, make decisions regarding the disposition of investments within the parameters of the investment policy; make fixed asset purchase decisions and make decisions regarding the allocation of expenses. Unless otherwise specified in this

document, principal responsibility for complying with the directives enumerated herein shall be vested in the Executive Director.

4. The Chair of each Standing Committee has the authority to recommend spending requests within the parameters of the approved budget to the Executive Director.

C. Indemnity Policy

1. The Executive Committee may indemnify any Employee or Agent against all costs, expenses and liabilities, including attorneys' fees, actually and necessarily incurred by or imposed upon them in connection with or resulting from their involvement with the Board.

2. No such reimbursement or indemnity shall relate to any expense incurred or settlement made in connection with any matter arising out of their gross negligence and/or intentional misconduct as determined either by a court of competent jurisdiction or, in the absence of such a determination, by the Governing Board acting on the advice of counsel.

3. The Executive Director is responsible for purchasing and maintaining indemnity insurance on behalf of any employee or agent as directed by the Executive Committee.

D. Investment Policy

1. The investment objectives of the Governing Board, in order of importance, shall be the **safety** of principal, **liquidity**, and a competitive **rate of return**.

2. General Investment Guidelines

- The Finance Committee shall have **primary responsibility** for the administration of the investment policy and for establishing any specific guidelines as to the mix and quality of the investment account(s).
- The Finance Committee may recommend the use of external groups such as investment managers, bank custodians and investment consultants to maximize the return on investments.
- Investments should be adequately diversified to reduce overall risk. In order to reduce the overall risk, investments should primarily include fixed-income investments (low risk).

E. Financial Controls and Operating Procedures

1. The Executive Director will direct the design and operation of the accounting system. Bookkeeping support may be provided by other staff as designated or by a qualified outside person or entity under contract with the Governing Board. Quarterly reports shall be made to the Finance and Executive Committees covering, at a minimum, receipts, disbursements, receivables, and payables.

2. The **Executive Director** will be required to include budget comparisons in periodic financial reports to the Finance and Executive Committees and the Board.

3. The **Finance Committee** will be required to provide semi-annual budget reviews and annual reviews of the adequacy of insurance coverage.

4. The **Executive Committee** will be required to secure an independent audit annually.

5. Segregation of Duties

- a. Signature authority for checks ~~must be~~ is vested in the Executive Director, Secretary-Treasurer and President of the Governing Board and the Executive Assistant is responsible for someone other than the employee responsible for maintaining recording the entries in the financial records of the organization on a daily basis.
- b. Bank statements are reconciled by the Executive Director and provided to the Secretary-Treasurer for review and approval someone other than the person authorized to sign checks.
- c. Deposit documentation and reconciliations are prepared by the Executive Director and copies made for recordkeeping purposes. Bank deposit slips are attached to copies of the corresponding check(s). a person other than the one making the deposit or signing checks.
- e.d. See document titled SSTGB In-House Accounting Procedures (FC21006) for additional information.

6. The Executive Director may authorize expenses for budgeted items up to 10 percent above the budgeted levels if funds necessary to cover the expense exist elsewhere within the authorized budget. If necessary funds are not available within the budget, the Governing Board must amend the budget to allow an increase in overall expenditures.

F. Financial Reporting

1. Annual budgets are prepared by the Finance Committee, referred to the Executive Committee, and approved by the Governing Board.

2. Budgets are reviewed at least mid-year ~~(December)~~ and as otherwise necessary by the Finance Committee as well as the Executive Committee and may be adjusted by the Executive Committee to reflect changing conditions. If changes are required to overall spending they must be approved by the Governing Board.

3. A Chart of Accounts is available and used to code receipts and disbursements to the proper accounts.

4. Annual Financial Reports are provided to the Secretary/Treasurer and the Finance Committee with 60 days of the close of the fiscal year, and must be prepared in

|

accordance with generally accepted accounting principles. At a minimum, the reports should include:

- a. Balance sheet;
- b. Income/expense and year-to-date statement, including comparisons to budget;
- c. Detailed schedule of cash and investments as of the balance sheet date with an attached acknowledgement that the bank statements have been reconciled; and
- d. Detailed breakdown of receivables (e.g. dues, other amounts receivable) and payables (e.g. accounts payable, taxes payable, other amounts payable) as of the balance sheet date.

5. Quarterly Financial Reports are provided to the Secretary/Treasurer and the Finance Committee within 60 days of the close of the period, and must be prepared in accordance with generally accepted accounting principles. At a minimum, the reports should include:

- a. Balance sheet; and
- b. Income/expense and year to date statement, including comparisons to budget.

6. Detailed Financial Reports are provided to the Governing Board at each Board meeting, except for meetings held via teleconference unless requested in advance by the President.

7. Reference explanations for any and all budget variances of 10 percent or more are contained for the above referenced reports.

8. Annual audits will be conducted by an independent CPA at the close of each fiscal year. Copies of these reports will be made available to the public.

9. The Fiscal Period for the organization shall be July 1 to June 30.

G. Safeguarding Assets

1. The Finance Committee shall provide fiscal oversight in the safeguarding of the Assets of the Organization and shall have primary responsibilities for ensuring that all internal and external financial reports fairly present its financial condition.

2. A proper filing system will be maintained for all financial records.

3. Actual income and expenditures will be compared to the budget on a quarterly basis.

4. All excess cash will be kept in an interest bearing account.

5. Bank statements are promptly reconciled on a monthly basis.

6. Documents on all securities and fixed assets will be kept in a locked fire-proof file. Inventory records will contain description, serial numbers, date of purchase or receipt, valuation, and date of valuation.

7. Appropriate insurance for all assets will be maintained.

8. Copies of all critical hard-copy documents must be maintained off site, either imaged or in hard-copy format.

9. Back-ups of all critical computer files must be performed on a ~~daily~~ monthly basis and files sent off site on a frequent basis in order to minimize the loss of data in the event of damage to the organization's hardware or software components.

H. Payroll Controls

~~1.~~ Personnel files are to be maintained at the business office site for all employees. Changes in payroll data (i.e., pay changes) are approved by the Executive Committee before files are updated.

1.

2. An outside payroll processing firm will be used to process the payroll. The Executive Director notifies the payroll service of any changes to the payroll master file upon approval of the Executive Committee or Governing Board.

3. The payroll service, at the direction of the Executive Director, generates the payroll ~~register~~ journal for review.

4. If the payroll journal is correct, the Executive Director sends the payroll journal to the Secretary-Treasurer for review and written approval.

5. The Secretary-Treasurer notifies the Executive Director in writing if the payroll journal is approved.

6. Upon approval, the Executive Director sets up the ,payroll checks/direct deposits and tax deposit checks (all through electronic funds transfer) with the payroll service, and sends them to the organization. The payroll register is reviewed for proper processing of amounts.

2.7. The payroll service makes the direct deposits and tax deposits and files the necessary payroll related forms with the appropriate taxing authorities.

I. Policies on Disbursements

1. The Executive Director has (a) expenditure approval up to the parameters set by the annual operating budget as approved by the Board, and (b) single signature authority up to and including \$2,000 with the exception of the Executive Director's personal expense reimbursement items and salary which must be approved by either the President or Secretary/Treasurer. The deliberate splitting of vouchers or invoices which have the sole purpose or effect of meeting the parameters of this authority is expressly prohibited.

2. Pre-numbered check requests should be used and sequences accounted for monthly.

2.—At the Executive Director’s discretion, payments may be made through electronic funds transfer and the bank’s electronic bill pay system.

3.

4. The Executive Director reviews and approves ~~check requests~~ bills for payment after comparing to supporting documentation.

a. If the payment is for more than \$2,000, the bill and an explanation are provided to the President or Secretary-Treasurer for review and written approval. The written approval may be in the form of an e-mail sent directly to the Executive Director from the President or Secretary-Treasurer’s e-mail address approving such payment. The e-mails shall be maintained as evidence of approval for payment of the related invoice by the President or Secretary-Treasurer.

5. Once the proper approvals are obtained, the Executive Director sets up the payment and provides the bill, approvals and account(s) to charge the expense to the Executive Assistant for entry into the accounting system.

3.6. All disbursements paid by paper check will be printed on pre-numbered checks only with approved requests. The unsigned check, support and request are presented to authorized check signers for their signatures (information on checks is compared to support for accuracy). Blank or unprepared checks shall not be submitted for signature.

4.7. Two signatures by duly authorized persons ~~authorized in Paragraph 13 of this section~~ are required on all organizational paper checks over \$2,000. The Executive Director shall not sign his or her own personal expense checks. ~~If a payment in excess of \$2,000 is made electronically, rather than by paper check, prior to the electronic payment being authorized, the Executive Director shall receive written approval from the President or Secretary-Treasurer authorizing the electronic payment. The written approval may be in the form of an e-mail sent directly to the Executive Director from the President or Secretary-Treasurer’s e-mail address approving such payment. The e-mails shall be maintained as evidence of approval for payment of the related invoice by the President or Secretary-Treasurer.~~

5.8. All disbursements; ~~except petty cash,~~ are made by paper check or electronically and are accompanied by substantiating documentation. If the payment is made electronically, the written approval of such payment from the President or Secretary-Treasurer shall be maintained along with ~~the~~ an electronic copy of the invoice ~~and electronic payment confirmation.~~

6.9. All paper checks are pre-numbered and accounted for monthly.

7.10. All voided paper checks must be defaced and retained either on the check stub or with the canceled checks (or their images) returned with the bank statement.

8.11. No paper checks may be written to "cash" or "bearer".

9.12. Blank paper checks are stored in a locked drawer.

~~10.13.~~ All invoices and check requests ~~will be marked "PAID"~~ shall be scanned and maintained electronically by the Executive Assistant -once they have been paid and entered into the accounting system.

~~11.14.~~ An "imprest" petty cash account is used. The initial amount of the petty cash account is \$100. The account may be replenished from time to time at the direction of the Executive Director, but at no time should the account exceed \$200 unless approved by the Secretary/Treasurer. No petty cash fund shall be used.

~~12.~~ Vouchers are required for all petty cash disbursements. The petty cash fund is reconciled (beginning amount less voucher amounts) before the fund is replenished. Checks are written only after an approved check request has been presented.

~~13.15.~~ The President, Secretary/Treasurer, and the Executive Director shall have check-signing authority. The President shall appoint at least one other individual with check-signing authority. This individual must meet the requirements of Rule 806.1.2.E.5, Segregation of Duties. The President may revoke check-signing authority for any person at any time, but at no time shall fewer than the requisite number of check signers be authorized.

~~14.16.~~ Blank checks may never be signed in advance.

J. Travel Guidelines and Reimbursements

1. The Finance Committee shall establish a travel request form that will include estimated costs of proposed travel as well as a travel reimbursement form on which claims for reimbursement are made.

2. Reimbursement for travel by Governing Board representatives may be authorized under the following conditions. No reimbursement from the Governing Board will be authorized unless the travel has been pre-approved.

The President or First Vice President may approve Governing Board representative travel in the following circumstances.

- a. The representative is representing the Governing Board, rather than his or her respective state, at a meeting or event that is not a meeting of the Governing Board or a Governing Board committee.
- b. The representative is representing the Governing Board, rather than his or her respective state, at a meeting of a Governing Board Committee for which the representative is not a member of the Committee.
- c. Such reimbursement shall only be allowed in instances where the meeting or event is not being held in conjunction with another Governing Board meeting or event at which the representative may attend and represent his or her state.
- d. Notwithstanding the foregoing, the President or First Vice President may approve representative travel in the interest of justice in exceptional circumstances.

Neither the President nor First Vice President may approve a request for his or her own travel. In approving a request for reimbursement, consideration shall be given to funds available and budgeted for this purpose.

3. Travel reimbursements will be based on the Federal mileage and per diem rates as published by the U.S. General Services Administration in effect during the period of travel. If anticipated expenses exceed the federal rate, the traveler may request in writing pre-authorization for reimbursement based on actual expenses. The request must include a justification for exceeding the Federal per diem lodging allowance such as:

- a. Lodging and/or meals are procured at a prearranged place such as a hotel where a meeting, conference or training session is held;
- b. Costs have escalated because of special events (e.g. missile launching periods, sporting events, World's Fair, conventions, natural disasters); lodging and meal expenses within prescribed allowances cannot be obtained nearby; and costs to commute to/from the nearby location consume most or all of the savings achieved from occupying less expensive lodging;
- c. Because of mission requirements; or
- d. Any other reason approved by the proper authority.

4. Reimbursement of Actual Expenses

- a. The approved request will be attached to the traveler's reimbursement voucher. In the case of emergency circumstances in which advance approval could not be obtained, the traveler must attach a signed statement to the voucher detailing the justification and circumstances prohibiting advance approval.
- b. The traveler must itemize all expenses, including meals, (each meal must be itemized separately) for which he or she will be reimbursed under actual expense. However, expenses that do not accrue daily (e.g. laundry, dry cleaning, etc.) may be averaged over the number of days for which the traveler is approved reimbursement for actual expenses. Receipts are required for lodging, regardless of amount and any individual meal when the cost exceeds \$25.00. The approver may require receipts for other allowable per diem expenses, but must inform the traveler of this requirement in advance of travel. The approval for reimbursement based on actual expense may limit meal and incidental expenses (M&IE) reimbursement to either the prescribed maximum M&IE rate for the locality concerned or a reduced M&IE rate, and it may or may not require M&IE itemization at the approver's discretion.

5. All travel reimbursement requests will be submitted to the Executive Director for approval, and copies will be forwarded to either the President or the Secretary/Treasurer for inspection. The President or Secretary/Treasurer shall approve travel reimbursement for the Executive Director.

6. The Executive Director is authorized to travel to all Governing Board meetings (including committee meetings) without pre-approval. Whenever the Executive Director

is representing the Governing Board at other meetings, he or she shall first receive approval from the President or First Vice-President. The Executive Director shall approve necessary travel for employees of the Governing Board.

7. Requests for travel approvals and signed authorizations may be submitted and returned via facsimile or via email, if the approver uses his or her own email account to establish authenticity of the approval.

8. In addition to the travel reimbursements authorized by J 2, the Governing Board may reimburse the travel and meeting expenses for one legislative delegate from each state to attend one Governing Board meeting a year.

Compiler's note: On May 24, 2012 the last clause in subdivision 8 was amend by RP12006 as follows: "attend one Governing Board meeting a year ~~annual meetings~~" and was effective upon its adoption.

K. Cash Receipt Procedures

1. All checks and other payments received are restrictively endorsed immediately and recorded in the ~~cash receipts register, listing the date received, payor, check number, and amount received~~ accounting records.

2. ~~Two~~ An electronic ~~copies~~ of each cash receipt will be ~~maintained~~ de. All cash received shall be deposited in the bank on the day it is received or as soon as feasible. If it is not feasible to deposit receipts in the bank on the day received, then receipts should be safeguarded by placing them in an approved, fire-proof strong-box or safe in a secured location, or by entrusting them to a reputable third party that can safeguard them in an equivalent manner, if such third party provides indemnification for any loss of funds entrusted to its care. A written receipt acknowledging funds entrusted to a third party must be obtained.

3. The office shall prepare the bank deposit daily or at the time of the deposit. The deposit receipt and copies of the cash receipts should be attached to the copy of the deposit slip. All cash receipts shall be coded according to the chart of accounts, and comparison of the cash deposit receipt with the listing of cash receipts for that day will be performed, to ensure that all cash receipts are deposited in the bank account. ~~A deposit summary sheet is then prepared, attaching one~~ An electronic copy of each cash receipt, the deposit slip copy, and the bank deposit confirmation slip. ~~The second copy of the cash receipt is filed by type of revenue/support~~ shall be maintained.

~~4. The cash receipts journal shall be prepared on a timely basis, using the cash receipts summary sheet.~~

L. Cash Disbursement Procedures

1. All invoices received are ~~stamped with the date received~~ electronically scanned and maintained.

2. Approval from the Executive Director of all invoices and expenditures is required before payment can be made.

3. The ~~checks, with~~ support documentation (~~approved invoices, check requests~~), are forwarded to the Executive Director. The Executive Director reviews ~~all checks and~~ supporting documentation ~~prior to signing checks~~. Any payment check for ~~amounts~~ over \$2,000 needs a second approval signature. If a payment in excess of \$2,000 is made electronically, rather than by paper check, prior to the electronic payment being authorized, the Executive Director shall receive written approval from the President or Secretary-Treasurer authorizing the electronic payment. The written approval may be in the form of an e-mail sent directly to the Executive Director from the President or Secretary-Treasurer's e-mail address approving such payment. The written approval shall be maintained as evidence of approval for payment of the related invoice by the President or Secretary-Treasurer.

4. After the ~~checks are signed, the check request and payment is made~~ all supporting documentation shall be stamped "PAID", noting check number and date maintained electronically. ~~Two copies of each check and check request will then be made. One copy of the check, with supporting documentation attached, will be filed in numerical order. The second copy of the check and check request is filed by vendor, in alphabetical order.~~ If the payment is made electronically, the written approval of such payment from the President or Secretary-Treasurer shall be maintained along with the copy of the invoice and electronic payment confirmation.

5. The cash disbursements ~~journal~~ will be prepared and maintained on-recorded in the accounting records (e.g., general ledger) in a timely manner basis, using the check file.

~~6. The cash disbursements journal will be posted to the general ledger on a timely basis, using the cash disbursements journal.~~

M. Payroll Procedures

1. All personnel salaries/wage rates are authorized by the Executive Committee. All changes in employment levels are likewise authorized by the Executive Committee.
2. The Executive Director maintains all personnel records and assures that all payroll-related laws are complied with, including workers compensation requirements.
3. The Executive Director may appoint a "payroll" employee to maintain the attendance records and monitor the usage of vacation and sick time, including requests for leave forms.
4. The Executive Director approves all time and attendance records for the employees.
5. The Executive Director may appoint the payroll employee to prepare the payroll, using the approved time records and salary/wage rates for each employee, using pre-numbered

~~checks. All payroll checks are recorded in the payroll register by the payroll employee payroll is handled by a third party payroll processor under a contract with the Governing Board~~

~~5.6. The payroll service generates a payroll journal for each pay period.~~

~~6.7. All payroll tax liabilities are calculated and prepared at the time payroll is prepared. In the case of electronic payments to liabilities to the IRS and to states for payment of withholding or unemployment taxes are calculated as part of the payroll journal and withdrawn from the bank account at the same time as the payroll is paid to the employees, the check signer will instead approve the request for authorization to pay payroll taxes. The payroll taxes are paid by the payroll service when due and the corresponding returns are filed by the payroll service when due.~~

~~7.8. Payroll checks will be prepared and paid to employees twice monthly through electronic funds transfer on the 15th and the 30th day of each month or the nearest working day before these dates.~~

N. Credit Card and Electronic Payment/Receipt Procedures

1. The Governing Board encourages the use of electronic record-keeping and electronic payments wherever such procedures can improve efficiency and reduce administrative costs of the organization.

2. The Executive Director may contract with an outside vendor for payroll services, collection of credit card receipts, automated clearing house (ACH) operations, and other electronic fund transfers. Electronic fund transfers will comply with ACH rules.

3. The Governing Board may authorize use of a credit card to be issued in the name of the Governing Board to facilitate purchases for official business of the Governing Board. Authorization for such purchases shall proceed according to procedures outlined in Section L above. Debit cards should not be issued to any employee or other representative of the Governing Board due to their lack of a proper audit trail. ATM withdrawals and cash advances should also be prohibited in the case of credit cards.

4. Wherever feasible, electronic receipts and payments will be recorded in a manner similar to other transactions as described in these rules. Exceptions to this must be justified by the Executive Director, and an alternative method must be approved by the Finance Committee. For electronic payments of \$2,000 or less, the Executive Director may authorize these payments and will maintain the electronic payment confirmation along with a copy of the invoice that was paid electronically. If a payment in excess of \$2,000 is made electronically, prior to the electronic payment being authorized, the Executive Director shall receive written approval from the President or Secretary-Treasurer authorizing the electronic payment. The written approval may be in the form of an e-mail sent directly to the Executive Director from the President or Secretary-Treasurer's e-mail address approving such payment. The written approval shall be maintained as evidence of approval for payment of the related invoice by the President or

Secretary-Treasurer. In addition to the written approval of such payment from the President or Secretary-Treasurer the Executive Director shall also maintain a copy of the invoice and electronic payment confirmation.

5. Access to computer and other electronic systems which are used to perform electronic record keeping and fund transfers must be safeguarded in a manner consistent with Rule 806.1.4 (communications policies).

O. Bank Reconciliations

1. A record of all bank transactions shall be maintained through the general ledger, listing all electronic payments and checks disbursed and all receipts deposited on a daily basis. ~~Theis “Bank Book”~~ general ledger shall show the current bank balance for all bank accounts.

2. On a monthly basis, the bank statements will be reconciled to the general ledger account balance ~~Bank Book, and by~~ the Executive Director and reviewed and approved by the Secretary-Treasurer ~~shall be notified of any discrepancies.~~

3. The Executive Director will resolve all discrepancies with the assistance of the bank, if necessary. The Executive Director will report the resolution of the discrepancies to the Finance Committee.

4. The ~~Bank Book~~ general ledger will be adjusted as needed. ~~The Bank Book will be reconciled to the general ledger cash accounts on a monthly basis.~~

P. Billings and Receivables

1. All dues for the organization are established and approved by the Governing Board.

2. All billings for services or goods are approved in advance by authorized personnel.

3. All billings and invoices shall be prepared on a timely basis. Prior to mailing the billing/invoices, two copies, electronic copies of them shall be made. ~~One copy is recorded in the accounts receivable ledger on a timely basis, and the other copy is placed in the open invoice file/receivables records.~~

4. The accounts receivable ledger shall be posted to the general ledger on a timely basis, utilizing the billing/invoice copies. The accounts receivable ledger shall be posted to the general ledger on a monthly at least a quarterly basis.

5. A status report on all outstanding receivables shall be prepared, on a monthly quarterly basis, and submitted to the Executive Director ~~provided to the Finance Committee.~~

6. Collection procedures shall be initiated on all invoices older than 30 days.
7. All receivables records are maintained in a locked file cabinet and/or in secured computer files.

Q. Accounts Payable

1. ~~All approved~~When possible, approved invoices are ~~paid recorded in the accounts payable ledger~~ immediately upon receipt, ~~and placed in the unpaid open invoice file.~~
2. All invoices from unfamiliar or unusual vendors must be reviewed by the Executive Director for approval.
3. All payments are immediately recorded in the general ledger or accounts payable ledger as appropriate.
4. The accounts payable ledger is reconciled ~~with the general ledger~~ on a ~~monthly~~quarterly basis.

R. Petty Cash Fund

- ~~1. The Petty Cash Fund is maintained on an imprest basis.~~
- ~~2. The Executive Director will appoint a custodian of the petty cash fund.~~
- ~~3. Any employee receiving petty cash must sign a petty cash voucher. The petty cash voucher must list the amount received, the purpose for which the cash is needed, and the date of the purchase. In addition, receipts for goods/services purchased must be attached to the petty cash voucher.~~
- ~~4. The petty cash fund shall be reimbursed as needed by requesting a check payable to the custodian of the petty cash fund. All petty cash vouchers used must be attached to the check request as supporting documentation.~~
- ~~5. Periodically, the Executive Director, and/or the Secretary/Treasurer will make surprise counts of the petty cash funds.~~
- 6.1. The petty cash fund will be kept in a fire resistant box, located in a locked file cabinet. No petty cash fund shall be used.

Compiler's Note: Rule 806.1.2.I.4. and 5., L.3. and 4. and N.4. were amended October 7, 2014 to add information relating to the authorization requirements for payments over \$2,000 that will be made electronically.



2022 Slate of Candidates

Officers and Directors

Officers:

President - Clark Jolley (Oklahoma)

1st Vice President - Representative Tim Reed (South Dakota)

2nd Vice President – Mike Walsh (Nebraska)

Secretary/Treasurer – Richard Dobson (Kentucky)

Directors (two year term that ends December 31, 2023): (Need to elect 2)

Lance Wilkinson (Michigan)

Senator Dina Neal (Nevada)



2022 Slate of Candidates

Nominating Committee

Nominating Committee (one year term that ends December 31, 2022):

Tim Jennrich (Washington)

Lisa Haws (Oklahoma)

Rep. Tim Reed (South Dakota)

Senator Wayne Harper (Utah)

Richard Dobson (Kentucky)

Lance Wilkinson (Michigan)

Mike Walsh (Nebraska)

Guy Childers (Nevada)

Streamlined Sales Tax Governing Board, Inc.

To: Senator Ann Rest, President
Streamlined Sales Tax Governing Board

From: Streamlined Sales Tax Governing Board Compliance Review and Interpretations
Committee - David Steines, Chairman

Subject: 2021 State Annual Compliance Review Report

Date: September 24, 2021

The Compliance Review and Interpretations Committee (CRIC) has completed its annual recertification review of member states in accordance with Rule 803 of the Streamlined Sales Tax Governing Board, Inc. CRIC, with assistance from Governing Board staff reviewed member states' (states) compliance with the provisions of the Streamlined Sales and Use Tax Agreement (Agreement) following each state's submission of its statement of compliance (or statement of noncompliance) and updated online certificate of compliance and taxability matrix. (Note: The taxability matrix includes both the Library of Definitions and Tax Administration Practices documents.)

Governing Board staff made an initial review of each state's certificate of compliance and taxability matrix and identified issues of possible noncompliance with the Agreement. If needed, the staff contacted states regarding suggested clarifications or corrections to the citations on the certificates of compliance and taxability matrix. These types of items were not included in the report if the state made the necessary changes and submitted a revised taxability matrix or certificate of compliance prior to the publishing of the initial report. Staff raised possible compliance issues with Georgia, Kansas, Tennessee and Vermont. The states and the public had a fifteen-day period to respond to the issues raised by the staff and to raise additional issues of possible noncompliance. No public comments were received in that fifteen-day period. Following the fifteen-day public comment period but prior to CRIC's review and compliance determination, the business community raised issues with West Virginia and Nevada.

CRIC held public hearings on September 14, 2021, and September 21, 2021, during which each state responded to the CRIC members, Governing Board staff and public regarding any questions or issues of possible noncompliance. The public was also given an opportunity to comment or raise other concerns with states' compliance.

CRIC took a public vote on whether each state was or was not out-of-compliance with the Agreement pursuant to Section 805. A single vote was taken for the 18 states that did not receive public comments and no other issues were raised in the review. Those states were AR, IN, IA, KY, MI, MN, NE, NJ, NC, ND, OH, OK, RI, SD, UT, WA, WI and WY. Separate votes were taken on GA, KS, NV, TN, VT and WV.

Streamlined Sales Tax Governing Board, Inc.

All votes were made taking a voice vote and were unanimous, unless it is specifically noted that a roll call vote was taken along with the corresponding vote. All CRIC members abstained from voting on their own state's compliance.

Three issues were carried over from the 2020 review that had not been resolved by the August 1, 2021, recertification date and, therefore, were not considered during the 2021 review. The issues are as follows:

1. How does Section 310 sourcing apply to the sourcing of digital goods that are transferred electronically without the download of the product? This issue was referred to SLAC by the Governing Board several years ago. Work on this issue was put on hold and the Governing Board is continuing to monitor federal legislation in this area.
2. In Section 314.C.3 of the Agreement, is the option of using the mobile phone number in Section 310 sourcing of prepaid wireless calling service an option for the state to choose from or is it an option for the seller? The Agreement should be clarified with respect to the option to use the mobile phone number when sourcing prepaid wireless calling service. CRIC recommended the issue be assigned to SLAC or the Executive Committee to seek a final resolution.
3. Under the Agreement, is access to prewritten computer software treated as tangible personal property, other products transferred electronically, or either as tangible personal property or other products transferred electronically? This issue was referred to SLAC in 2011 for resolution by the State and Local Advisory Council's Remote Access to Prewritten Computer Software Workgroup. No final decision was made and accordingly, CRIC has deferred this issue. The Business Advisory Council has indicated that it is amenable to the continued deferral of the issue but has noted that their agreement should not be interpreted as acceptance to statements made by the member states on the issue.

The following summary includes: CRIC's finding as to whether the state is or is not out of compliance with the Agreement, the result of CRIC's vote on the finding for each state, a summary of the issues raised for each member state and the state's response.

As chair of the committee, I would like to express my appreciation for the work of the committee members and the staff of the Governing Board in this important task. I would also like to thank the representatives of the states that worked with the committee and staff, the Business Advisory Council, and the members of the public that provided input.

Streamlined Sales Tax Governing Board, Inc.

State Action:

Arkansas

Finding: CRIC recommends that Arkansas be found not out-of-compliance with the Agreement. There were no issues identified.

Vote: 5-0; Yes: Dobson, Jares, Kennedy, Matelski and Steines (Harper absent and one vacancy)

Georgia

CRIC finds that Georgia remains out of compliance with the Agreement on the exemption administration/good faith issue (Section 317), SER acceptance issues (Section 318), the cap of \$35,000 in tax on boat repairs (Section 323) and the exemption for food to an equalized homestead option sales tax (Section 302).

Vote: 5-0; Yes: Dobson, Harper, Kennedy, Matelski and Steines (Jares absent and one vacancy)

Issues:

The legislature in 2012 reinstated the “good faith” requirement for accepting exemption certificates. The legislature did not make any change to this provision during the last legislative session. The Department of Revenue continues to work with their Legislature to resolve this issue.

The state accepts the SER from Model 1 sellers only. The SER schema has limitations that will not allow the (1) correct vendor compensation to be computed for sellers with multiple locations in Georgia and (2) correct reporting of differences in the state and local tax bases that are allowable under Section 302 of the Agreement. Sellers receive more vendor compensation from local taxes if they do not use the SER. The Certification Committee is considering possible revisions to the SER schema to address the 302 issues. The state has previously indicated that they have not received any requests for use of the SER by other than Model 1 sellers, from whom they accept the return.

The legislature enacted a cap of \$35,000 in tax (\$500,000 in sales) on boat repairs. This type of cap is not allowed “...unless the member state assumes the administrative responsibility that places no additional burden on the seller.” The Georgia legislature extended this cap until June 30, 2031 in its 2021 legislative session.

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. This provision became effective April 1, 2018, in DeKalb County.

Indiana

Finding: CRIC recommends that Indiana be found not out-of-compliance with the Agreement. There were no issues identified.

Streamlined Sales Tax Governing Board, Inc.

Vote: 5-0; Yes: Dobson, Jares, Kennedy, Matelski and Steines (Harper absent and one vacancy)

Iowa

Finding: CRIC recommends that Iowa be found not out-of-compliance with the Agreement. There were no issues identified.

Vote: 5-0; Yes: Dobson, Jares, Kennedy, Matelski and Steines (Harper absent and one vacancy)

Kansas

CRIC recommends that Kansas be found not out-of-compliance with the Agreement. The issue identified in the summary report was corrected prior to the taking of the vote.

Vote: 5-0; Yes: Dobson, Harper, Kennedy, Matelski and Steines (Jares absent and one vacancy)

Kentucky

Finding: CRIC recommends that Kentucky be found not out of compliance with the Agreement. There were no issues identified.

Vote: 4-0; Yes: Jares, Kennedy, Matelski, and Steines (Dobson abstained, Harper absent and one vacancy)

Michigan

Finding: CRIC recommends that Michigan be found not out-of-compliance with the Agreement. There were no issues identified.

Vote: 4-0; Yes: Dobson, Jares, Kennedy and Steines (Matelski abstained, Harper absent and one vacancy)

Minnesota

Finding: CRIC recommends that Minnesota be found not out-of-compliance with the Agreement. There were no issues identified.

Vote: 5-0; Yes: Dobson, Jares, Kennedy, Matelski and Steines (Harper absent and one vacancy)

Nebraska

Finding: Finding: CRIC recommends that Nebraska be found not out-of-compliance with the Agreement. There were no issues identified.

Vote: 5-0; Yes: Dobson, Jares, Kennedy, Matelski and Steines (Harper absent and one vacancy)

Nevada

Streamlined Sales Tax Governing Board, Inc.

Finding: CRIC recommends that Nevada be found out of compliance with Section 322 of the Agreement.

Vote: 5-0; Yes: Dobson, Harper, Kennedy, Matelski and Steines (Jares absent and one vacancy)

Issue:

Following the fifteen-day public comment period but prior to CRIC's review and compliance determination, the business community raised issues regarding a recently enacted sales tax holiday covered by Section 322 of the SSUTA. The legislature in 2021 expanded the entity-based exemption for sales to qualified members of the Nevada National Guard in SB440. The legislation provides for a new temporary sales tax exemption for all tangible personal property every year through 2031 on "Nevada Day" and the weekend immediately following the holiday. The exemption only applies to qualified Nevada National Guard members, thereby making it an entity-based exemption which is prohibited under SSUTA Section 322(A)(4). The business community raised concerns that Nevada is not following the requirements in Section 322 of the SSUTA related to sales tax holidays as there was no 60-day notice, a form is required to obtain the exemption and it is an entity-based exemption. Guy Childers (NV) indicated they did not know this bill existed prior to receiving a call from Craig Johnson (SSTGB) regarding the issue. Guy has talked to the Nevada Executive Director, and they are not able to rectify this through regulatory means, but instead it will require legislative changes and will work through that process to try to resolve the issue. Fred Nicely (COST) indicated that he believes NV is not in compliance with Section 322, but the BAC wants to work with Guy and Nevada to help rectify the issue.

New Jersey

Finding: CRIC recommends that New Jersey be found not out-of-compliance with the Agreement. There were no issues identified.

Vote: 5-0; Yes: Dobson, Jares, Kennedy, Matelski and Steines (Harper absent and one vacancy)

North Carolina

Finding: CRIC recommends that North Carolina be found not out-of-compliance with the Agreement. There were no issues identified.

Vote: 5-0; Yes: Dobson, Jares, Kennedy, Matelski and Steines (Harper absent and one vacancy)

North Dakota

Finding: CRIC recommends that North Dakota be found not out-of-compliance with the Agreement. There were no issues identified.

Vote: 5-0; Yes: Dobson, Jares, Kennedy, Matelski and Steines (Harper absent and one vacancy)

Ohio

Finding: CRIC recommends that Ohio be found not out-of-compliance with the Agreement. There were no issues identified.

Streamlined Sales Tax Governing Board, Inc.

Vote: 5-0; Yes: Dobson, Jares, Kennedy, Matelski and Steines (Harper absent and one vacancy)

Oklahoma

Finding: CRIC recommends that Oklahoma be found not out-of-compliance with the Agreement. There were no issues identified.

Vote: 5-0; Yes: Dobson, Jares, Kennedy, Matelski and Steines (Harper absent and one vacancy)

Rhode Island

Finding: CRIC recommends that Rhode Island be found not out-of-compliance with the Agreement. No issues were identified.

Vote: 4-0; Yes: Dobson, Jares, Matelski and Steines (Harper absent, Kennedy abstained and one vacancy)

South Dakota

Finding: CRIC recommends that South Dakota be found not out-of-compliance with the Agreement. There were no issues identified.

Vote: 4-0; Yes: Dobson, Kennedy, Matelski and Steines (Harper absent, Jares abstained and one vacancy)

Tennessee (Associate Member State)

Finding: CRIC recommends that Tennessee be found not out-of-compliance with the requirements of the Agreement as an Associate Member State. There were two issues identified.

Issues: 1) Tennessee is currently an associate member. In 2021, the General Assembly repealed Tennessee Streamlined conforming statutory changes originally approved in 2007 but that had been delayed several times and were scheduled to take effect 7/1/2021. The SSUTA has been changed a number of times since 2007 and the Tennessee legislation was not updated to comply with the SSUTA changes. The repeal of these delayed statutory provisions did not change the provisions with which TN was or was not currently in compliance with.

2). In addition, in 2021, the Tennessee legislature enacted Public Chapter 592 (2021), which creates a special one- year sales tax holiday, July 1, 2021, through June 30, 2022, for gun safes and gun safety devices.

“Gun safes” and “gun safety devices” are not defined terms as required by SSUTA Section 322.A.1.

A vote was not taken on the Sales Tax Holiday issues specifically because they do not affect Tennessee’s Associate membership status.

Streamlined Sales Tax Governing Board, Inc.

Vote: 5-0; Yes: Dobson, Jares, Kennedy, Matelski and Steines (Harper absent and one vacancy)

Utah

Finding: CRIC recommends that Utah be found not out-of-compliance with the Agreement. There were no issues identified.

Vote: 5-0; Yes: Dobson, Jares, Kennedy, Matelski and Steines (Harper absent and one vacancy)

Vermont

Finding: CRIC recommends that Vermont be found not out-of-compliance with the Agreement. The issue identified in the summary report was corrected prior to the taking of the vote.

Vote: 5-0; Yes: Dobson, Harper, Kennedy, Matelski and Steines (Jares absent and one vacancy)

Washington

Finding: CRIC recommends that Washington be found not out-of-compliance with the Agreement. There were no issues identified.

Vote: 5-0; Yes: Dobson, Jares, Kennedy, Matelski and Steines (Harper absent and one vacancy)

West Virginia

Finding: CRIC recommends that West Virginia be found not out-of-compliance with the Agreement.

Following the fifteen-day public comment period but prior to CRIC's review and compliance determination, the business community raised issues regarding West Virginia's imposition of tax on streaming services. West Virginia has a broad-based imposition statute related to services that they have determined applies to streaming services. WV had updated its taxability matrix this year to indicate such treatment and to make it clear it was being taxed as a service as opposed to a specific digital good. The issue that was raised by the business community was that since the streaming services fall within the definition of one or more of the specified digital goods, to be in compliance with the Section 332 requirements contained in the SSUTA, the language related to permanent/non-permanent use, continued payments, etc. needed to be included in West Virginia's laws. In addition, since the change in the tax treatment was first noted on the Taxability Matrix that was published in August 2021, WV should provide liability relief until October 1 to respect Section 328.C. of the SSUTA. A meeting with the WV Commissioner and other WV staff, the BAC and SSTGB staff was held to discuss the issue and in view of that discussion additional comments were added to the Taxability Matrix to address the liability relief concerns and which puts the issue out past the July 1, 2021 date for which the state's compliance is being considered. The business community will likely raise this as a compliance issue under SSTGB Rule 904 - Compliance Petitions. The business community also indicated a willingness to work with West Virginia to pursue the revisions they believe are needed to be in compliance with the SSUTA going forward.

Streamlined Sales Tax Governing Board, Inc.

Vote: 5-0; Yes: Dobson, Harper, Kennedy, Matelski and Steines (Jares absent and one vacancy)

Wisconsin

Finding: CRIC recommends that Wisconsin be found not out-of-compliance with the Agreement. There were no issues identified.

Vote: 4-0; Yes: Dobson, Jares, Kennedy and Matelski (Steines abstained, Harper absent, and one vacancy)

Wyoming

Finding: CRIC recommends that Wyoming be found not out-of-compliance with the Agreement. There were no issues identified.

Vote: 5-0; Yes: Dobson, Jares, Kennedy, Matelski and Steines (Harper absent and one vacancy)

Interpretive Opinion 2021-1

This Interpretive Opinion recommendation is made to the Streamlined Sales Tax Governing Board by the Compliance Review and Interpretations Committee this 10th day of June, 2021, in accordance with Article IX, Rule 902 of the Rules and Procedures adopted by the Streamlined Sales Tax Governing Board, Inc.

Austin DeMoss of Wipfli LLP requested the determination on 12/20/2020 on behalf of its client, Educators Credit Union. Expedited consideration was not requested.

Issue

The issue considered here is whether providing and hosting an online banking platform as described in the request falls within the definition of “telecommunications services” under Appendix C, Part II of the Streamlined Sales and Use Tax Agreement.

It should be noted that the interpretation request also included a proposed interpretation that the services be determined not subject to Wisconsin sales and use tax. This Interpretive Opinion does not address taxability of the services.

Background Provided by Mr. DeMoss (Summarized)

In August 2019, Educators Credit Union (“ECU”) (purchaser) submitted a private letter ruling request to the Wisconsin Department of Revenue regarding the taxability of an online and mobile banking platform that ECU purchased from their vendor, Alkami Technology, Inc. (“Alkami”). ECU’s position was that the online and mobile banking platform provided by Alkami was not subject to Wisconsin sales and use tax because Alkami was providing a data processing service by processing ECU’s customers’ banking data from ECU’s servers and displaying that information to ECU’s customers when they logged in to their bank accounts and not the actual transmission of the data between or among ECU and its customers. The online and mobile banking platform provided by Alkami is similar to creating and hosting a website. The WI DOR determined in their ruling that Alkami’s online and mobile banking platform and certain other services provided through that platform were taxable as telecommunications services.

Prior to submitting the ruling request to the WI DOR, Mr. DeMoss indicated they researched how other Streamlined Sales Tax member states treated similar transactions. Recent rulings from Indiana and Utah were provided in which an online and mobile banking platform, very similar to the one provided by Alkami, was the subject of the ruling request. Neither of those states determined that telecommunications services were being provided, which is contrary to Wisconsin’s position. (Note: Utah clarified in their public comment that the State’s ruling had been misinterpreted by the requestor and that the transaction at issue was not determined to be data processing and information services but was determined to be the use of the taxpayer’s application software.) After the WI ruling was received, Mr. DeMoss requested the State look more closely at the data processing aspect of the banking platform rather than the service of merely transferring data from ECU’s servers to their customers’ computer or smartphone screens. The WI DOR concluded that Alkami’s online and mobile banking platform

Interpretive Opinion 2021-1

was subject to Wisconsin sales and use tax as a telecommunications service.

Public Comment

Written public comments were received from the State of Utah, the Electronic Transactions Association, and the SST Business Advisory Council. During the teleconference, representatives from each of the 3 groups explained the written public comments they had submitted.

Various other comments were made, and questions were asked during the CRIC meeting, including questions about the history of the definition of “telecommunications service” and “value added non-voice data service.” Ms. Deborah Bierbaum (AT&T) provided historical background of the definitions. John Cmelak (Verizon) provided additional background.

Recommendation

By a vote 6-0, with one member abstaining, the Compliance Review and Interpretations Committee (CRIC) submits to the Governing Board a recommendation that the interpretation proposed by the requestor be accepted in part. Based on the facts presented in the documents provided to CRIC by the requestor and the written public comments received, the transactions between ECU and Alkami do not fall within the definition of “telecommunication services” contained in the SSUTA. (Note: This interpretation does not address the taxability of the transaction between ECU and Alkami as that is determined by each state’s laws. Therefore, the interpretation proposed by the requestor is accepted in part.)

Rationale

Appendix C of the Agreement defines “telecommunications service” to mean the electronic transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point, or between or among points. The term “telecommunications service” includes such transmission, conveyance, or routing in which computer processing applications are used to act on the form, code, or protocol of the content for purposes of transmission, conveyance, or routing without regard to whether such service is referred to as voice over Internet protocol services or is classified by the Federal Communications Commission as enhanced or value added.

Generally, telecommunications services are a means by which a product is received. The requirement that a telecommunications service be necessary as a means of receiving another product or service does not necessarily make that other product or service a “telecommunications service”.

The Committee determined that telecommunication services are the services that are needed to carry information and messages between various points. It was best described as the pipeline that carries the information between the two parties. ECU purchased those services

Interpretive Opinion 2021-1

(i.e., the pipeline) from a third-party and not from Alkami. ECU's customers also purchased those services (i.e., the pipeline) from a third party which enabled them to communicate with the online banking platform Alkami was providing on behalf of ECU. Alkami was not providing transmission services (i.e., the pipeline), but instead was providing the information that was being transmitted between the parties through the use of a pipeline the parties purchased from someone other than Alkami.

Participating Committee Members

Present were Dan Noble, Senator Wayne Harper, Richard Dobson, David Matelski, Alison Jares and Representative Brian Kennedy. David Steines was present but abstained.

**STREAMLINED SALES AND USE TAX AGREEMENT COMPLIANCE
REVIEW AND INTERPRETATIONS COMMITTEE**
Interpretive Opinion 2021-02

This Interpretive Opinion recommendation is made to the Governing Board by the Compliance Review and Interpretations Committee this 24th day of June, 2021, in accordance with Article IX, Rule 902 of the Rules and Procedures adopted by the Streamlined Sales Tax Governing Board, Inc. Mr. Richard Nielsen from Pillsbury Winthrop Shaw Pittman LLP requested the interpretation on June 26, 2020.

(Note: A public meeting was initially held on September 22, 2020, and CRIC referred this issue to the State and Local Advisory Council (SLAC). SLAC formed a workgroup and developed various amendments to the Streamlined Sales and Use Tax Agreement (Agreement), the SSTGB Rules and Procedures and Appendices related to this issue. Those amendments were approved by the Governing Board on May 20, 2021, and this interpretive opinion is based on the Agreement as amended through May 20, 2021.)

Issue:

The issue is whether implanted ECG monitors meet the definition of prosthetic devices contained in the Streamlined Sales and Use Tax Agreement (Agreement).

Background Provided by Mr. Nielsen (Summarized):

Mr. Nielsen's request describes the implanted ECG monitors as follows:

The RICM (ECG monitor) is a long-term heart monitoring device designed to help a doctor diagnose and treat irregular heartbeats. It is a minimally invasive heart monitor that is just inserted under the skin of the chest in a simple outpatient procedure. It requires no wires or patches on the outside of the body. The battery is designed to last for up to three years. The RICM keeps a patient connected to their doctor with continuous heart monitoring. It monitors the heart's activity and records an abnormal rhythm in the form of an electrocardiogram (ECG) that is then transmitted to their physician for review. The RICM is used with patients that experience infrequent fainting episodes. The RICM monitors the patient's heart to help doctors determine whether the unexplained fainting is heart related. The RICM records heart rhythms automatically or when the patient uses the hand-held activator.

Mr. Nielsen was not asking to find the ECG monitor to be (or not be) a prosthetic device, he just wants consistency across the member states as one state classified it as a prosthetic device while another member state did not classify it as a prosthetic device. Both states had adopted the uniform definition of "prosthetic device" contained in the Agreement.

Public Comment: No written public comments were received. During the teleconference on

September 22, 2020, there was a robust discussion on the issue. Following the discussion, CRIC decided to not issue an opinion due to the prior Governing Board action that approved Disclosed Practice 7 and included the item as a “not defined” item (that term recently changed to “Not Classified by SSTGB”). CRIC recommended that SLAC review Disclosed Practice 7 and Appendix L of the SSTGB Rules and Procedures to determine if the taxability of undefined items could be added to Disclosed Practice 7 or provide further clarification of what the phrase “not defined” in Appendix L meant related to these items. SLAC was directed to review and develop the issue and bring it back to a future meeting for discussion and resolution.

Recommendation:

The Compliance Review and Interpretations Committee (CRIC) submits to the Governing Board a recommendation that the interpretation request itself should not have been accepted. The recent changes approved by the Governing Board clarified that member states are allowed to have differing classifications of items in Appendix L that are identified as “Not Classified by SSTGB”. Thus, CRIC is not able to provide an interpretation of whether ECG devices are or are not a “prosthetic device.” Such determination would require the Governing Board to amend the Governing Board Rules and Appendices to change ECG devices from its current “Not Classified by SSTGB” designation to a specifically defined term.

Rationale:

Appendix C of the Agreement defines several healthcare related terms, including prosthetic device, durable medical equipment and mobility enhancing equipment. Appendix L was created to provide a list of medical items and the classification of those items within the various terms defined in the Agreement. It was agreed upon by the states and the business community that if the member states and business community could not come to a consensus with regard to a particular item it would be designated as “Not Classified by SSTGB.” Member states can then choose to include or exclude that item from a defined term in the Agreement. The states and the business community recognized that this will not result in absolute uniformity. Disclosed Practice 7 was developed as a means for member states to identify whether they include the “Not Classified by SSTGB” items within an SSUTA defined term or a specific state statutory definition. This helps the business community determine the proper taxability of these items in each of the states.

As a result of this interpretation request, CRIC recommended that SLAC review Disclosed Practice 7 to determine if the taxability of unclassified items should be added or to provide further clarification related to these items. SLAC was directed to review and develop the issue and bring it back to a future meeting for discussion and resolution. During the May 20, 2021, Governing Board meeting, amendments to Agreement Section 327 and Appendix E and SSTGB Rules and Procedures Appendix L were approved which clarified differing interpretations amongst the member states of items “Not Classified by SSTGB” are allowed.

A member state may classify “Not Classified by SSTGB” products found in the list in Appendix L under one of the SSUTA healthcare defined terms or a state specific definition.

Participating Committee Members: David Steines, Richard Dobson, Senator Wayne Harper, Alison Jares, Representative Brian Kennedy, and Dan Noble. David Matelski was absent.



Location: Bloomington, MN

Date: Monday, October 4, 2021

Time: 8:30 AM – 12:00 PM CDT

1:30 PM – 3:30 PM CDT

4:00 PM – 4:30 PM CDT

State and Local Advisory Council

Agenda

October 4, 2021

(8:30 am – 12:00 pm, Central Time)

(1:30 pm – 3:45 pm, Central Time)

SLAC Business Meeting

(4:00 pm – 4:30 pm, Central Time)

8:30 -12:00

1:30-3:45

- Welcome & Introductions
- Opening Comments and Report from SLAC Chair and Vice-Chair
- State Compliance Reviews Update
- CRIC Opinions Update
 - [IO21001A01](#) – Alkami
 - [IO21002A01](#) – ECG Monitors

Workgroups:

- Food and Food Products
 - [SL21014A01](#)-Prepared Food
- Exemption Certificate
 - Resale Exemption Survey [SL21022](#)
 - Other Exemption Chart
- Digital Sourcing
 - Survey [SL21016](#), [SL21019](#)
 - Development of Recommendation [SL21020](#)
- Personal Protection Equipment
 - Draft definition discussion [SL21021](#)

Open discussion



Location: Bloomington, MN

Date: Monday, October 4, 2021

Time: 8:30 AM – 12:00 PM CDT

1:30 PM – 3:30 PM CDT

4:00 PM – 4:30 PM CDT

4:00 pm – SLAC Business Meeting

- Roll call and introductions
- Approval of SLAC meeting minutes – May 2021 [SM21001](#)
- Discussion of Workgroups and Possible Vote/Recommendations to the Governing Board:
 - Food and Food Products
 - [SL21014A01](#)
 - Exemption Certificates
 - Digital Sourcing
 - Personal Protective Equipment [SL21021](#)
- Old Business– Future workgroups
- New Business
- Comments/Announcements

**State and Local Advisory Council
Business Meeting
May 18, 2021**

Welcome and Roll Call

Alison Jares (SD), SLAC Chair, opened the meeting at 3:45. Due to the ongoing COVID-19 pandemic, the meeting was held virtually on GoToMeeting. Twenty (20) states were present. A quorum was not present.

Approval of Minutes

Richard Dobson (KY) moved to approve the minutes of the October 13, 2020, SLAC business meeting. The minutes were approved unanimously.

Updated Taxability Matrix and Certificate of Compliance

Christie Comanita (SST) described the updates to the certificate of compliance. Richard Dobson (KY) moved that the changes be recommended for approval. There was no discussion, and the recommendation was unanimously approved.

Christie Comanita (SST) described the changes to the matrix. Blaine Kreikemeier (NE) moved that the changes be recommended for approval. There was no discussion, and the recommendation was unanimously approved.

Recommendations to the Governing Board – Since there was not a quorum present, votes taken are consensus votes.

Amendment to the Definition of Candy

Rule 327.8. Christie Comanita (SST) described the proposed amendment Rule 327.8 to amend the definition of candy to provide for a toggle for dried fruit. Blaine Kreikemeier (NE) moved that the amendment be recommended for approval. There was no discussion, and the recommendation was unanimously approved.

Appendix N. Christie Comanita (SST) described the amendment to Appendix N to provide a toggle for dried fruit from the definition of candy. Blaine Kreikemeier (NE) moved that the amendment be recommended for approval. There was no discussion, and the recommendation was unanimously approved.

Health Care Products

Section 327. Alison Jares (SD) described the changes to Section 327 recommended by the workgroup. Blaine Kreikemeier (NE) moved that the amendment be recommended for approval. There was no discussion, and the recommendation was unanimously approved.

Appendix E. Alison Jares (SD) described the changes to Appendix E recommended by the workgroup. Richard Dobson (KY) moved that the amendment be recommended for approval. There was no discussion, and the recommendation was unanimously approved.

Appendix L. Alison Jares (SD) described the changes to Appendix L recommended by the workgroup. Larry Molnar (IN) moved that the amendment be recommended for approval. There was no discussion, and the recommendation was unanimously approved.

CRIC Request Form. Alison Jares (SD) described the changes to the CRIC request form recommended by the workgroup. Blaine Kreikemeier (NE) moved that the amendment be recommended for approval. There was no discussion, and the recommendation was unanimously approved.

Marketplace Facilitator Workgroup

Appendix E. Alison Jares (SD) indicated that edits were made prior to the business meeting. Christie Comanita (SST) described the changes. Blaine Kreikemeier (NE) moved that the amendment be recommended for approval. There was no discussion, and the recommendation was unanimously approved.

Taxability Matrix. Christie Comanita (SST) described the changes recommended by the work group. Blaine Kreikemeier (NE) moved that the amendment be recommended for approval. There was no discussion, and the recommendation was unanimously approved.

Appendix F

Craig Johnson described the recommended changes to make it consistent with the current CSP contract and eliminate irrelevant dates. Blaine Kreikemeier (NE) moved that the amendment be recommended for approval. There was no discussion, and the recommendation was unanimously approved.

Old Business

Christie-in person meetings - hopeful for August workgroup meetings and Oct. Governing Board meeting. Please let Christie know where your state stands.

Craig-plan to discuss with GB and executive committee, need to hear from states about willingness and ability for in person travel,

New Business

New Workgroups

Christie Comanita (SST) discussed new workgroups and asked for volunteer participants for exemption certificates, marijuana and marijuana products, defining personal protective

equipment for disease mitigation/prevention, prepared food toggle, digital goods sourcing, and telecommunications services/activities.

Telecommunications services survey

Christie Comanita (SST) discussed a forthcoming survey regarding taxation of telecommunications services.

Adjournment

Tim Reilly (IA) from Iowa moved to adjourn the meeting, there was no discussion, and the motion was approved unanimously.

State and Local Advisory Council Request and Assignment Form

Provide the name(s) and contact information of the state or parties submitting the Request.

Date: 3/25/2021

Name of State or Person(s) submitting request: Christie Comanita

Contact Person: Christie Comanita

Address: [Click here to enter Address \(Street or PO Box, City, State, Zipcode\)](#)

Phone: 480-653-7113 **Email:** christie.comanita@sstgb.org

1. Agreement Section(s), Rules or Tax Administration Practice(s) involved (if any). (Identify the section(s) of the Streamlined Sales and Use Tax Agreement, the Streamlined Rules, or Tax Administration Practices, if any, which are affected or involved with the issue.)

SSUTA Sec. 317. Administration of Exemptions
Rule 317.1 Simplified Administration Process
SST Certificate of Exemption form and instructions

2. Question, Issue, or Topic for discussion. (Identify the question, issue, or topic you believe requires a study or resolution by SLAC.)

1. Should the Rule be amended to clarify and update whether unregistered sellers can provide exemption certificates and whether a supplier can accept a certificate from unregistered sellers?
2. What ID numbers are acceptable from unregistered sellers?
3. Should a separate disclosed practice be created for exemption certificates?
4. Should the Certificate of Exemption Instructions, item 2, be revised/updated to address issues surrounding blanket certificates and how long a blanket certificate continues in force.

3. Statement of Background Facts. (Provide a detailed description of the issue and supporting facts. Please be as descriptive as possible and provide examples of actual transactions.)

The implementation of Economic Nexus and Marketplace Facilitator/Provider laws has raised questions on whether an unregistered seller can issue an exemption certificate for resale and if so what identification information is required on the exemption certificate for it to be a complete and valid certificate when claiming an entity, product or use based exemption.

Questions have also arisen as to whether states require sellers/purchasers to update their exemption certificates if a period of more than twelve months elapses between purchases.

4. Proposed Resolution/Outcome/Solution. (Provide a description of the anticipated outcome from the workgroup. For example: Development of an interpretive rule pertaining to Section XXX of the Agreement.)

Amend Rule 317.2 and revise the SST certificate to provide specific guidance in this area.

Revise the instructions to the SST certificate to clarify how blanket certificates are administered.

Submit completed form to:

Craig Johnson, Executive Director

Email: Craig.Johnson@SSTGB.org

For SST Governing Board Use

Approved by: [Click here to enter name.](#) **Date:** [Click here to select a date.](#)

Approved with Modifications (If the Governing Board determines the request will be addressed by SLAC but in a modified format, explain the modifications to the request here):

[Click here to enter text.](#)

Denied by: [Click here to enter name.](#) **Date:** [Click here to select a date.](#)

Form F0021 Instructions

The scope of work for the State and Local Advisory Council (SLAC) is to advise the Governing Board on matters pertaining to the administration of the Streamlined Sales and Use Tax Agreement (Agreement). Matters relating to noncompliance of members with the Agreement, interpretive rules clarifying Agreement language, and revisions or additions to the Agreement are all within the scope of a SLAC work assignment. This form, as submitted by a requestor, is a public document and shall be published on the Streamlined Governing Board's website.

Any state and person making a request for a SLAC work assignment must do so by completing the **SLAC REQUEST & ASSIGNMENT FORM** and submitting it to the Executive Director of the Streamlined Sales Tax Governing Board. The Governing Board will take up the request at its next scheduled meeting or as applicable the SLAC Chair will take up the request at the next SLAC Steering Committee meeting. Any decision by the SLAC Steering Committee shall be reported to the Governing Board at its next meeting. In the interim, a request approved by the SLAC Steering Committee can be assigned to a SLAC workgroup. The Governing Board may approve, deny or modify the request at any time.

The Governing Board is not required to use this form to refer matters to SLAC. If the Governing Board refers an item to SLAC without use of this form, the Governing Board should provide written guidance to the SLAC Chair as to the expectations regarding the assigned task.

(Note: States or other persons requesting an interpretive opinion of existing Agreement provisions or definitions should not use this form, but should instead complete and submit the **INTERPRETATION/ DEFINITION REQUEST** form.)

A motion by Michigan to amend Appendix C, Part II, Product Definitions, Food and Food Products, the definition of “prepared food” to allow states to either tax or exempt items that would become prepared food if a seller exceeds the 75% test and makes utensils available.

“Prepared food” means:-

- (i) Food sold in a heated state or heated by the seller;
- (ii) Two or more food ingredients mixed or combined by the seller for sale as a single item; or
- (iii) Food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used to transport the food.

A.1. Substances within “food and food ingredients” may be taxed differently than “prepared food.”

2. For purposes of C.1., a state may exclude from “prepared food,” “bottled water,” “candy,” “dietary supplements,” “soft drinks” and items identified in subsection F. that would otherwise be exempt from tax in the state, but which would be considered “prepared food” if utensils are made available to the customer at the seller’s location. “Food and food ingredients” for which plates, bowls, glasses, cups or bowls are necessary for the purchaser to receive the food remain “prepared food.” If a state does not specifically adopt an exclusion under this subsection, these items are “prepared food.”

B. “Prepared food” in B. “Two or more food ingredients mixed or combined by the seller for sale as a single item” under (ii) does not include food that is only cut, repackaged, or pasteurized by the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the Food and Drug Administration in chapter 3, part 401.11 of its Food Code so as to prevent food borne illnesses.

C. “Food sold with eating utensils provided by the seller” in (iii) means:

1. For a seller with a “prepared food sales percentage” of greater than 75% calculated per D. below,

a. The seller makes eating utensils available to purchasers or,

b. A food item has four or more servings packaged as one food item sold for a single price if and the seller physically gives or hands the eating utensils to purchasers. It is not prepared food if utensils are only made available, and the food is otherwise not considered prepared food. Serving sizes shall be determined based on a label on an item sold. If no label is available a seller must reasonably determine the number of servings in an item.

2. For a seller with a “prepared food sales percentage” of 75% or less calculated per D. below, food is sold with eating utensils provided by the seller if the seller’s business practice is to physically give or hand eating utensils to purchasers, except that plates, bowls, glasses and cups, necessary for the purchaser to receive the food need only be made available to purchasers.

3. Food is not sold with eating utensils provided by the seller if the food items have a utensil placed in a package with the food items by a person other than the seller, and that other person’s NAICS classification code is that of a manufacturer, sector 311. For any packager with any other NAICS classification code, the seller is considered to have provided the eating utensil.

A motion by Michigan to amend Appendix C, Part II, Product Definitions, Food and Food Products, the definition of “prepared food” to allow states to either tax or exempt items that would become prepared food if a seller exceeds the 75% test and makes utensils available.

D. “Prepared food sales percentage” means a percentage determined by dividing the following described numerator by the following described denominator:

1. The numerator shall consist of the seller’s annual sales of prepared food described in (i) and (ii) and food sold when plates, bowls, glasses, or cups are necessary to receive the food. The numerator shall not include alcoholic beverages or food a member state has excluded from prepared food as permitted under the Agreement.

2. The denominator shall consist of the seller’s total annual sales of all food and food ingredients and prepared food, excluding alcoholic beverages.

E. 1. A seller must calculate the prepared food sales percentage for each tax year or business fiscal year based on the seller's data from the prior tax year or business fiscal year, as soon as possible after accounting records are available, but not later than 90 days after the beginning of the seller's tax year or business fiscal year.

2. A single prepared food sales percentage shall be determined annually for all the seller's establishments in this state.

3. A new seller shall make a good faith estimate of its prepared food sales percentage for its first year in business. AThe new seller must adjust its good faith estimate prospectively after the first 3 months of its business operation if actual prepared food sales percentages materially affect the 75% threshold described in D. 1 and 2.

F. The following items may be taxed differently than “prepared food” and each other, if sold without eating utensils provided by the seller, but may not be taxed differently than the same item when classified under “food and food ingredients.”

1. Food sold by a seller whose proper primary NAICS classification is manufacturing in sector 311, except subsector 3118 (bakeries).
2.
 - a. Food sold in an unheated state by weight or volume as a single item; or
 - b. Only meat or seafood sold in an unheated state by weight or volume as a single item.
3. Bakery items, including bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas.
4. Food sold that ordinarily requires additional cooking (as opposed to just reheating) by the consumer prior to consumption.

~~Substances within “food and food ingredients” may be taxed differently if sold as “prepared food.” A state shall tax or exempt from taxation “bottled water,” “candy,” dietary supplements,” and “soft drinks” that are sold as “prepared food” in the same manner as it treats other substances that are sold as “prepared food.”~~

See Compiler’s Notes for history.

Section 305.F. of the SSUTA requires that member states

“Provide and maintain a database that assigns the proper tax rates and jurisdictions to each five-digit and nine-digit zip code within a member state. The state must apply the lowest combined tax rate imposed in the zip code area if the area includes more than one tax rate in any level of taxing jurisdictions. If a nine-digit zip code designation is not available for a street address or if a seller or CSP is unable to determine the nine-digit zip code designation applicable to a transaction **after exercising due diligence to determine the designation**, the seller or CSP may apply the rate for the five-digit zip code area. For the purposes of this section, there is a rebuttable presumption that a seller or CSP has exercised due diligence if the seller or CSP has attempted to determine the tax rate and jurisdiction by utilizing software approved by the Governing Board that makes this assignment from the address and zip code information applicable to the transaction.”

“Due Diligence” Questions

1. With respect to determining the nine-digit zip code designation for purposes of determining the proper state and local sales tax rates to apply to a transaction, does your state define or explain what actions a seller/CSP must complete in order for them to be “...exercising due diligence to determine the designation...”?

_____ Yes (please provide citation)

_____ No

Comments:

2. What is the state’s expectation of actions a seller/CSP must take for your state to treat them as “...exercising due diligence to determine the designation...”?

_____ Seller/CSP Must Obtain Complete Street Address (If the seller/CSP does not obtain the purchaser’s complete street address, they have not exercised due diligence and the seller may be held liable for any additional tax due.)

_____ Seller/CSP Must Request Complete Street Address (If seller/CSP requests complete address information but the purchaser does not provide it, the seller/CSP has exercised due diligence and can apply the rate for the 5-digit zip code noted in the rate and jurisdiction database) (Note: If the purchaser fails or refuses to provide complete address information, the purchaser may be held liable for any additional tax due.)

_____ N/A – One rate state

_____ Other (please explain)

Tax Calculation and Liability Questions

3. **Seller/CSP requests complete street address, purchaser does not provide it, seller/CSP calculates and collects tax at **LOWEST** combined rate in 5-digit zip code** - If a seller requests a complete street address from the purchaser and the purchaser fails or refuses to provide that information since it is not needed for delivery of the digital good and the seller/CSP calculates the applicable state and/or local taxes based solely on the 5-digit zip code following the SSUTA requirements (lowest combined rate in that 5-digit zip code based on the state's rate and boundary databases), will the state hold the CSP and seller liable for the tax that would have been calculated if a complete street address was obtained from the seller?

Yes _____

No _____

N/A - One rate state _____

Comments:

4. **A. Seller requests complete street address, purchaser does not provide it, seller/CSP calculates and collects at **HIGHEST** rate in 5-digit zip code** - If a seller requests a complete street address from the purchaser and the purchaser fails or refuses to provide that information since it is not needed for delivery of the digital good, can the seller/CSP collect the tax at the highest combined state and local rates for that 5-digit zip code?

Yes _____

No _____

N/A - One rate state _____

Comments:

B. Does your state consider a seller who collects the tax at the highest rate in a 5-digit zip code to be presumed to have followed a reasonable business practice if the seller requested complete street address information from the purchaser, but the purchaser does not provide that information and therefore charges the highest rate in that 5-digit zip code?

Yes _____

No _____

5. **A. Seller only asks for 5-digit zip code and not complete street address** - If a seller does not request anything more than a 5-digit zip code from the purchaser of a digital good and the seller/CSP calculates the applicable state and/or local taxes based on that 5-digit zip code following the SSUTA requirements (lowest combined rate in that 5-digit zip code based on the state's rate and boundary databases), will the state hold the seller/CSP liable for the tax that would have been calculated if a complete street address was obtained from the seller?

Yes _____

No _____

N/A - One rate state _____

B. If your answer to 5.A. is "Yes," please provide the citation of the statute, regulation or other authority that allows the state to hold the seller/CSP liable for the tax at the HIGHEST rate in the 5-digit zip code if the seller only obtains a 5-digit zip code.

Comments:

Digital Goods Survey summary	Yes	No	Other
1. State defines “due diligence”	5	11	
2a. Seller/CSP Must Obtain Complete Street Address (If the seller/CSP does not obtain the purchaser’s complete street address, they have not exercised due diligence and the seller may be held liable for any additional tax due.)	3		
2b. Seller/CSP Must Request Complete Street Address (If seller/CSP requests complete address information but the purchaser does not provide it, the seller/CSP has exercised due diligence and can apply the rate for the 5-digit zip code noted in the rate and jurisdiction database) (Note: If the purchaser fails or refuses to provide complete address information, the purchaser may be held liable for any additional tax due.)	6		7
3. If a seller requests a complete street address from the purchaser and the purchaser fails or refuses to provide that information since it is not needed for delivery of the digital good and the seller/CSP calculates the applicable state and/or local taxes based solely on the 5-digit zip code following the SSUTA requirements (lowest combined rate in that 5-digit zip code based on the state’s rate and boundary databases), will the state hold the CSP and seller liable for the tax that would have been calculated if a complete street address was obtained from the seller?	4	8	4
4a. If a seller requests a complete street address from the purchaser and the purchaser fails or refuses to provide that information since it is not needed for delivery of the digital good, can the seller/CSP collect the tax at the highest combined state and local rates for that 5-digit zip code?	7	4	4
4b. Does your state consider a seller who collects the tax at the highest rate in a 5-digit zip code to be presumed to have followed a reasonable business practice if the seller requested complete street address information from the purchaser, but the purchaser does not provide that information and therefore charges the highest rate in that 5-digit zip code?	8	2	
5. If a seller does not request anything more than a 5-digit zip code from the purchaser of a digital good and the seller/CSP calculates the applicable state and/or local taxes based on that 5-digit zip code following the SSUTA requirements (lowest combined rate in that 5-digit zip code based on the state’s rate and boundary databases), will the state hold the seller/CSP liable for the tax that would have been calculated if a complete street address was obtained from the seller?	6	4	6

DRAFT FOR DEVELOPMENT PURPOSES ONLY-NOT FOR PUBLIC DISTRIBUTION

Digital goods sourcing workgroup recommendation

Issue: Proper calculation of the sales or use tax on sales of digital goods and liability relief if only 5-digit zip code is obtained.

- If a seller only obtains a 5-digit zip code from the purchaser of a digital good and calculates the applicable state and/or local taxes based on that 5-digit zip code following the SSUTA requirements (lowest rate in that 5-digit zip code based on the state's rate and boundary databases), will the state hold the seller liable for the tax that would have been calculated if a complete street address was obtained from the seller?
- If a seller requests a complete street address from the purchaser and the purchaser refuses to provide that information since it is not needed for delivery of the digital good, can the seller collect the tax at the highest state and/or local rates for that 5-digit zip code?

Background: The question of whether a complete street address is required or needed when selling digital goods is important to the states, as well as CSP's and sellers of digital goods.

Since no physical product is being delivered, sellers may only obtain the information necessary to process the payment for the digital good. In some cases, this is just the 5-digit zip code for the billing address of the credit card used to make payment. Using just a 5-digit zip code will, in many cases, not result in the proper calculation of the actual state and/or local sales and use taxes that are due on the transaction.

Although sellers can request full address information, some purchasers may refuse to provide the information since it really is not needed to receive the product or because of the type of product being purchased the purchaser does not want to provide their address.

The Federal Bill (Digital Goods & Services Tax Fairness Act) has been introduced on a number of occasions, which seeks uniformity for siting amongst the states and localities for digital goods and services. Given that Congress has been reluctant to pass legislation dealing with state and local tax issues, states and industry would both be well served to address this issue.

A State and Local Advisory Council (SLAC) workgroup was formed to discuss the issues involved and to make a recommendation to the Governing Board. The workgroup consists of State representatives, local governmental representatives, business representatives and CSP representatives. The workgroup has met regularly since mid-June of this year.

A survey was sent to all member state SLAC, Audit and Certification committee members. The survey posed 5 questions. Two of the questions addressed the "due diligence" standard found in SSUTA Sec. 305. Three questions addressed tax calculation and liability when a seller requests, but the purchaser does not provide a delivery address and when a seller does not request a delivery address. Fifteen responses were received. Three states indicated that they are a single

rate state so that this issue did not impact them. Two states indicated that they do not tax digital goods therefore, they are not impacted by this issue. The remaining 10 states that responded were somewhat split in their responses to the questions.

Based on the survey results and discussions within the workgroup, the following recommendation is made.

Recommendation: It is the recommendation of the SLAC workgroup that if a Seller does not obtain a complete street address or 9-digit zip code, the seller should calculate and collect the tax at the highest combined state and local rates in the 5-digit zip code. If multiple local jurisdictions within a 5-digit zip code have the same highest rate, the seller or CSP may select any of those jurisdictions and report the tax as being collected for that jurisdiction. If a seller/CSP that does not obtain a complete street address or 9-digit zip code chooses not to collect the tax at the highest rate, the seller/CSP may be held liable for that tax upon audit by the state.

Other options:

- Collect at rate in current database based on 5-digit zip
- Identify new FIPS code at highest rate and state would have to allocate between applicable jurisdictions (multiple jurisdictions with same rate)
- State assigned FIPS code with rate state wants CSP/Seller to collect (multiple jurisdictions with different rates)
- Tell seller/CSPs that they have exercised due diligence if they get address and use USPS look-up

Rationale: Section 305.F. of the SSUTA requires that member states: “Provide and maintain a database that assigns the proper tax rates and jurisdictions to each five-digit and nine-digit zip code within a member state. The state must apply the lowest combined tax rate imposed in the zip code area if the area includes more than one tax rate in any level of taxing jurisdictions. If a nine-digit zip code designation is not available for a street address or if a seller or CSP is unable to determine the nine-digit zip code designation applicable to a transaction after exercising due diligence to determine the designation, the seller or CSP may apply the rate for the five-digit zip code area. For the purposes of this section, there is a rebuttable presumption that a seller or CSP has exercised due diligence if the seller or CSP has attempted to determine the tax rate and jurisdiction by utilizing software approved by the Governing Board that makes this assignment from the address and zip code information applicable to the transaction.”

Under the rate and jurisdiction database provisions, a certain level of detail is expected. A seller should not automatically go to the 5-digit zip code. Local jurisdictions expect that a 9-digit zip code will be obtained so that the proper local tax can be calculated. In order to determine the 9-digit zip code, obtaining an address is necessary.

“Personal Protective Equipment” means items designed as protection against viruses and bacteria related disease but not suitable for general use. “Personal Protective Equipment” may or may not be for human wear. “Personal Protective Equipment” is mutually exclusive of and may be taxed differently than items within the definition of “clothing,” “clothing accessories or equipment,” “protective equipment” and “sport or recreational equipment.” The following lists contain examples and are not intended to be all-inclusive.

A. Equipment for human wear:

1. Gowns, body suits, aprons;
2. Safety glasses, goggles, face shields;
3. Filtering respirators, breathing masks, face masks; and
4. Protective Gloves

B. Equipment not for human wear:

1. Hand sanitizer;
2. Disinfected wipes; and
3. Plexi-glass partitions

Name:

State:

Exemption Reason - G - Resale Exemption ID # Requirements

Currently under the SSUTA, Streamlined Full Member states are required to accept the purchaser's sales tax/resale ID# from any state for drop shipment transactions that are sourced to their state. The purchaser is not required to provide a sales tax/resale ID # from the state in which the purchase is sourced.

Based on Remote Seller and Marketplace Facilitator/Seller laws, a business may not have a registration requirement, yet that seller is purchasing products for resale. The seller is required to provide its vendor a Certificate of Exemption claiming resale, or the vendor will charge sales tax. Sellers need to know what ID # they should provide on the certificate of exemption.

Please respond to the following questions.

1. Does your state require a purchaser to enter an ID number on the exemption certificate it provides to its vendors to claim an exemption from sales/use tax when purchasing for resale on a transaction sourced to your state?

Yes ____ No ____

2. What ID # does your state require a seller **that is required to be registered in your state (has a physical presence or has met the remote seller threshold) to provide on an exemption certificate claiming resale for a sale sourced to your state? If your state will accept more than one type of number, please indicate the required, acceptable or not acceptable ID# by ranking the type of numbers below 1 (required) - 6 (least or not acceptable).**

Your state-issued sales tax or resale number ____

Any state-issued sales tax or resale number ____

A state-issued business registration number ____

A United States federal ID number ____

A state-issued driver's license number ____

Other (List acceptable #s):

Comments:

3. Do you allow the purchaser to use its SSTID in lieu of a state issued ID number? (Note: some states use the SSTID as the state issued sales tax number, if you allow any states sales tax number, then you should allow the use of a SSTID.)

Yes ____ No ____

4. What ID # does your state require a marketplace or remote seller that is not required to be registered in your state (has not met the remote seller threshold) to provide on an exemption certificate claiming resale for a sale sourced to your state? If your state will accept more than one type of number, please indicate the required, acceptable or not acceptable ID# by ranking the type of numbers below 1 (required) - 6 (least or not acceptable).

- i. A resale ID issued by your state _____
- ii. A resale ID issued by any state _____
- iii. Other State Business ID issued _____
- iv. FEIN _____
- v. Driver's License _____
- vi. Will you accept a Foreign ID #? Yes ____ No ____

5. Is a single ID # sufficient to document purchases for resale which may be sourced to multiple states?

Yes _____ No _____

6. Is the following response to a person requesting help in completing the SST exemption certificate acceptable for your state?

- The purchaser must provide one ID number.
- Purchaser must provide their resale/sales tax number from any state in which they are registered, which may be their SSTID.
- If the purchaser does not have a resale/sales tax number, they may provide their state issued Business ID # (for non-sales tax states)
- If they do not have the above, then provide the FEIN. If no FEIN provide their state issued driver's license or ID number.
- A foreign seller may provide a Foreign ID number, if they are not required to be registered in the US.

Yes ____ No _____