



Streamlined Sales Tax Governing Board Meeting Minutes
Thursday, May 21, 2020, 10:00 am Central
Teleconference

Welcome and roll call of member states

President Tim Jennrich welcomed everyone and called the meeting to order at 10:05 am central. The roll of the states was called, 23 full member states were participating, and the quorum was established. Absent was Tennessee.

Review and Approval of minutes from December 2019 Governing Board meeting (MM20001)

President Jennrich asked the attendees to review the minutes of the prior meeting and offer up any corrections or additions. No comments were received. Rep Brian Kennedy moved to approve MM20001. A voice vote was taken, and was unanimous, the motion carried.

Review and Approval of Sanctions Recommendations from Executive Committee (EC20001A01)

Craig Johnson stated the Executive Committee developed and approves the sanction recommendations to bring forward to the Governing Board for vote. He reminded the Governing Board that they can accept, reject or modify the sanctions as they see fit.

The issue with Michigan was that they cannot accept the SER from providers other than CSPs. Craig has confirmed that Michigan has remedied the issue. The Executive Committee recommends that no sanctions be imposed as the issue is resolved. Lance Wilkinson stated the issue was resolved for Tax Jar or any other similarly situated business. Fred Nicely and the BAC had no concerns with Michigan not being sanctioned and they believe they are back in compliance with respect to this issue. Michael Walsh motioned to find Michigan not out of compliance on the issue and to not impose any sanctions on Michigan. A voice vote was taken, and was unanimous, the motion carried.

Rhode Island was found out of compliance with respect to its imposition of tax on specified digital goods. CRIC determined based on the agreement, they were not in compliance. It was noted that even if they changed their statutes to include the specific language, it would not change the taxability of the items. Legislation was introduced, but unfortunately due to COVID-19, they are in recess until it is safe to return to the State house. Representative Kennedy anticipates they will go into recess in June. Tim Jennrich stated the Executive Committee recommends no sanctions are imposed at this time as the legislation has been introduced but not yet enacted because of COVID. Fred Nicely stated the BAC agrees with not imposing sanctions at this time. No other comments were received. Tim Reed motioned to not impose sanctions at this time. A voice vote was taken, and was unanimous, the motion carried.

Georgia was found to have the same compliance issues as in the previous year and the same sanctions were recommended as well. Fred Nicely stated on behalf of the BAC that this has been



frustrating. These issues have been a problem for several years; however, the BAC is not opposed to the sanctions listed. COST and the BAC are hoping to work with Georgia to address the Cap and Good Faith issues. Unfortunately, they were unable to do this this year, but are hoping to work with interested parties in the future. Diane Hardt motioned to find Georgia not in compliance and adopt the sanctions recommended by the Executive Committee. A voice vote was taken and was not unanimous. A roll call vote was taken and the motion carried on a vote of 21 yes and 1 no (NE). Georgia was not allowed to vote on their own sanctions. Senator Ann Rest then motioned that if Georgia resolves any of these issues, Craig will confirm the issue(s) are resolved and report to the Executive Committee and Governing Board if any questions. A voice vote was taken and was unanimous.

CSP Contract – Status of Contract Negotiations

Tim Jennrich provided a status of the ongoing contract negotiations. Craig Johnson thanked the state negotiating members and the CSPs for all the work they have put into the negotiations. John Mollenkamp stated he appreciates the good will and the diligent work that has been put in by both the States and CSPs. The plan is for the negotiations to continue and to call a special meeting of the Governing Board if necessary, to review, discuss and approve a new contract as soon as a tentative agreement is reached.

Reports of Committees

Executive Committee – Tim Jennrich (WA), President

- Planning Meeting Summary of Issues
- Report on Resolution Process

President Jennrich provided a brief summary of issues discussed at the January 2020 planning meeting including education, public relations and non-member state participation. During the May 20th Executive Committee call, it was decided to create a workgroup to discuss an issue resolution process for businesses and CSPs. The purpose is to be proactive and put a process in place to help resolve issues sellers may have with CSPs if the sellers are not able to work through them directly with the CSP.

Finance Committee

Financial reports for 1st, 2nd and 3rd Quarter FYE 6/30/20 (FC20001, FC20002 and FC20003)

Diane Hardt reviewed the financials and noted we are in a strong and stable financial condition. We are not having the May in-person meeting, however we do have an expense on the 3rd quarter report related to the May meeting. These amounts represent deposits that were made and have not been returned. Those amounts will be left as a pre-paid expense for now and may be used if we hold a meeting in Tacoma in 2021. Craig Johnson noted, one line item we are keeping an eye



on is Audit Core Team travel. We may need to move those funds into the next fiscal year to cover team travel that was unable to happen this year due to COVID-19, if the audits cannot be satisfactorily completed using alternative procedures. Diane Hardt motioned to approve FC20001, FC20002 and FC20003. There were no comments received. A voice vote was taken and was unanimous. Motion carried.

Diane Hardt introduced the FYE 2021 dues proposal. Tim Jennrich noted the impact of the current pandemic on the states' budgets. Craig Johnson explained the proposal, which would allow for a one-time dues reduction of 50% for the upcoming fiscal year. Tim Reed motioned to adopt the proposal. There were no comments received. A voice vote was taken and was unanimous. Motion carried.

State and Local Advisory Council – Laura Stanley (OH) and Alison Jares (SD)

- Taxability Matrix and Certificate of Compliance Updates SL20007, SL20008, SL20009
- Quorum Draft Proposal SL20012
- Marketplace Facilitator/Marketplace Seller SL19022A02, SL20010, SL20011

Laura Stanley provided the SLAC update. Christie Comanita explained the changes to the Taxability Matrix and the Certificate of Compliance. Laura noted SLAC did not have a quorum, but there was a consensus vote to approve the changes to the Taxability Matrix and Certificate of Compliance. Dan Noble motioned to approve the changes. A voice vote was taken and was not unanimous. A roll call vote was taken; all present member states voted yes, except for Nevada. Motion carried.

Laura explained the quorum draft proposal SL20012 that relates to what constitutes a quorum for SLAC meetings. The states want to continue to work on the concept, but no votes were taken.

Christie explained the Marketplace Facilitator/Marketplace Seller charts contained in documents SL19022A02, SL20010 and SL20011. A small workgroup will be formed to work on these issues and to decide how the information will be presented on the website. A suggestion was also made to consider developing disclosed practices for remote sellers, marketplace sellers and marketplace facilitators.

President Jennrich thanked the Committees for their work.

President Jennrich then moved on to the Proposed Amendments to the SSUTA.

Section 318 – Allowing Multiple Returns from Marketplace Facilitators AM20002.

A discussion was held regarding the proposed amendment that would allow states to require a single return or multiple returns from marketplace facilitators. Section 318 of the SSUTA currently provides that only one return can be required per seller per reporting period. Some of the



marketplace facilitators want to file separate returns – one for their own sales and one for their facilitated sales. Other facilitators just want to file one combined return. The facilitators want the option of filing one or two returns to be at their option rather than at the state’s option.

After discussion regarding the proposed amendment, Senator Bramble motioned to table the discussion. A voice vote was taken to table the amendment and was unanimous.

Audit Committee – Megan Martin (ND) and Rachel Williams (SD) Co-Chairs

- Report of Redondo meeting – March 2020
- Contract Compliance Audits
- State Tax Compliance Audits

Megan Martin provided the update. The Audit Committee met in March and held an auditor training for conducting state compliance audits of sellers using CSPs. The core team has made adjustments to audit procedures due to COVID-19 and still hopes to complete the CSP audits by September 15th. At the time of the meeting in Redondo, only one CSP had provided acceptable Appendix F data. Others have identified issues with their data and are working with the core team to correct this. Megan also noted the Audit Committee is hoping to have an in-person meeting in August.

Certification Committee – Tim Bennett (KY), Chair

- Report of Redondo meeting – March 2020
- Issues being addressed by Certification Committee

Tim Bennett reported the Certification Committee met in Redondo Beach in March. An issue that was addressed by the committee included changes to Appendix F to allow CSPs to submit data more often or on a monthly basis to deal with the issue of file sizes. In addition, the revisions to Appendix F also include changes to the file naming conventions. The revisions to Appendix F have been reviewed and approved by the Certification Committee for consideration and approval by the Governing Board. Tim Bennett motioned to approve the revisions to Appendix F, AM20001 as shown. A voice vote was taken and was unanimous. Motion carried.

Compliance Review and Interpretations Committee – David Steines (WI), Chair

- Annual State Compliance Reviews Reminder

David Steines reminded states about the requirements the deadline to submit their annual compliance documents by August 1. It was also noted that August 1st is a Saturday and based on our rules, states have until August 3 to submit the documents. Craig indicated that since the revisions to the Certificate of Compliance and Taxability Matrix have been approved at this meeting, the revised documents will be set-up and should be ready for states to start working on by about June 1. He asked that states please complete and submit their documents as soon as



possible so that the Governing Board staff can get started on the reviews of each state's compliance as soon as possible.

Executive Director Updates and Reminders – Craig Johnson

- Status of Streamlined Registrants and Collections

Craig thanked everyone for participating remotely. He indicated that the COVID pandemic has forced a lot of adjustments on all of us and appreciated the adjustments states and the business community have made to deal with the pandemic. He reminded people that we do have a link on our homepage to the information the AICPA has put together related to adjustments that states have made. He reminded the states to continue to send updates to that information to the AICPA to make it easy for them to keep their information up to date.

Craig also thanked the member states for their continued reasonable implementation of the Wayfair decision and working with sellers. For the most part, seems to be going smoothly. He indicated that if there are any pain points folks are running into from either the state or business perspective in the member states that SST might be able to help with, to please let him know.

Craig indicated that Randi Reid provided an update yesterday related to federal activities so he was not going to go through all of that again, but to reach out to him if you have any questions related to those activities.

Craig reminded people that the Governing Board recently approved Nonmember State Participation information and a model act for them to consider. SST wants to give nonmember states the opportunity to work with us and take advantage of much of the work we have done to help remove the “undue burdens” on remote sellers. He believes that the more all of the states work together and remove the undue burdens, the less likely it is that Congress is going to feel the need to get involved and even consider rolling back part or all of the Wayfair decision. Otherwise, it is likely only a matter of time before either Congress gets involved or a remote seller moves forward with a challenge in one or more states claiming the collection and remittance requirement is imposing an undue burden on interstate commerce.

The use of and the number of sellers using the Streamlined Sales Tax Registration System continues to increase. Just prior to Wayfair, we had about 3,900 sellers registered. We now have over 10,400 active registered sellers and we are seeing an average increase of about 250 - 300 per month. Over 1/3 of the sellers have an active CSP identified with their account, but he would like to see that percentage increase. Based on limited numbers received at this point, states are seeing anywhere from about a 25% increase to more than a 100% increase in revenues from SST registered sellers when comparing the first quarter of 2019 numbers with the first quarter of 2020 numbers and he expects those numbers to continue to grow.



Craig reminded that states at the end of each legislative session when they typically put together some type of notice to inform their sellers about law changes that took place during the recent legislative session to make sure and provide the information for sales tax related changes to Streamlined by submitting the Form TC-0001. Even if the form is provided with just a link to the information each state put together, that would be helpful for the CSPs. States need to remember that in this post-Wayfair world, it is important to not only get that information out to the sellers that are registered in your state, but also need to get that information out on a much broader basis so remote sellers that may not currently be registered in your state (but maybe should be) are aware of the changes as well.

Craig indicated that he is continuing to work on getting the survey out to SST registered sellers to find out about their experience as they registered and began collecting and find out how satisfied they are with the CSPs if they are using one or if they are not – why they aren't taking advantage of this opportunity. The survey will also give them an opportunity to provide feedback on additional issue they think the states need to address related to sales tax collection and reporting activities.

Craig indicated that he is hoping that we will be able to hold our next Governing Board meeting in person. That meeting is scheduled for October 13 – 15 in Nashville, TN.

Craig thanked all the member states and the business community for their continued support of Streamlined as well as the Charis for each of the Committees. He also thanked the CSPs for the services they offer to sellers that are registered through Streamlined and their ongoing partnership with the Governing Board.

He indicated that Streamlined continues to be a unique and collaborative effort between the state tax administrators, state legislators and the business community that has really helped the states better understand the business perspective and the business community better understand the state perspectives on issues related to sales tax and from his perspective has really helped improve sales tax administration.

Craig also thanked his staff for all their work and dedication and reminded people that if they ever have questions, ideas or suggestions to feel free to reach out to him.

Old Business

None

New Business

None

Adjournment

Senator Bramble motioned to adjourn the meeting at 12:05 pm central.