



Streamlined Sales Tax Governing Board Meeting Minutes
Wednesday, October 2, 2019 and Thursday, October 3, 2019
Four Points by Sheraton Charleston, WV

Welcome and roll call of member states

President Brian Kennedy welcomed everyone and called the meeting to order at 1:00 pm eastern. The roll of the states was called, 21 full member states were participating, and the quorum was established. Absent were the states Kansas, Vermont and Tennessee. All the participants in the room and on the phone were asked to identify themselves.

Opening Remarks

President Brian Kennedy welcomed everyone to the meeting and had West Virginia Department of Revenue employee Dana Angell provide a welcome to the attendees.

Approval of May 2019 Governing Board Meeting Minutes – MM19002

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

Status of Federal eFairness Legislation – Randi Reid

Randi Reid provided the federal legislative update. See PowerPoint located [here](#). Randi stated she is available for questions and encouraged people to reach out to her directly if they have any issues they want to discuss.

MTC - Remote Sales Tax Collection Activities and Status – Richard Cram

Richard Cram provided a presentation regarding remote sales tax collection activities by the Multistate Tax Commission. See PowerPoint located [here](#).

Marketplace Facilitators – NCSL Draft Model Legislation – Panel and CSP Discussion – MC19007

Fred Nicely (COST and BAC), Scott Peterson (Avalara), David Campbell (Tax Cloud), Jean Russel (AT&T), Jackson Brainard (NCSL) and John Mollenkamp (Intuit) discussed marketplace facilitators, some of the issues related to marketplace facilitators and the draft model legislation that NCSL is working on. The discussion and presentation followed this [PowerPoint](#).

Reports of Committees

Executive Committee – Rep. Brian Kennedy (RI), President

- Federal Legislative Affairs Update
- CSP Contract Negotiations



Rep. Brian Kennedy provided the report of the Executive Committee. He reported that during the closed session, the Executive Committee voted on an issue brought forth by two states regarding CSP compensation for a certain multi-level marketing corporation. As of December 1st, Kentucky and Nebraska will no longer pay compensation and as of October 1st, Washington and Wisconsin will not pay compensation related to this seller. Federal affairs contracts were discussed, but there were no changes made at this time. CSP contract negotiations were also discussed.

Finance Committee – Diane Hardt (WI), Chair

- Financial Report – 4th Quarter FYE 6/30/2019 – FC19006A01
- Annual Financial Report for FYE 6/30/2019 – FC1900701
- Proposed Revisions to FYE 6/30/20 FC18009A03
- FYE 6/30/21 Proposed Budget- FC19008

Diane Hardt stated Streamlined is in stable financial condition. We finished the year with more revenue than expected, and with less expenses than expected. Some of the items to note in the FYE 6/30/19 financial statements included final payment on the website update and reduction in the federal affairs expenses due to the termination of a contract with one of the federal affairs firms. She also noted that both the meeting revenues and the meeting expenses exceeded expectations and that we continue to strive to just break even overall on the meetings. A full-time employee (Christie Comanita) was also added to replace a 50% employee (Pam Cook retired). At the end of the year, we had assets of \$1.3M and are in great shape.

Diane Hardt motioned to accept FC19006A01 and FC19007A01. A voice vote was taken and was unanimous. The motion carried.

Diane discussed the proposed revisions to the FYE 6/30/20 budgeted amounts as indicated in FC18009A03. Primary changes relate to an increase in the travel expenses related to the upcoming auditor training that will allow a reimbursement of up to \$1,000 per state to send personnel to the training and a reduction of \$66,000 in the federal affairs line item due to the termination of one of the federal affairs contracts. There were a few other slight increases and decreases as well. Diane Hardt motioned to accept FC18009A03. A voice vote was taken and was unanimous. The motion carried.

Diane discussed the proposed FYE 6/30/2021 budget as shown in document FC19008. There were slight increases built in for salary increases and decrease for the state auditor training reimbursements since that training will be completed in the prior fiscal year and a decrease in the audit core team travel since the CSP contract compliance audits will be completed in the prior fiscal year. Diane Hardt motioned to accept FC19008. A voice vote was taken and was unanimous. The motion carried.

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

- Annual State Compliance Reviews – CI19003A01



David Steines provided a summary of the 2019 State Annual Compliance Review Report CI19003A01. He stated CRIC took a public vote on the 19 states where no issues were noted by the SSTGB staff and upon which no public comments were received. Separate votes were taken on Georgia, Indiana, Michigan and Rhode Island due to either public comments that were received or issues that were noted by the SSTGB staff. Dave motioned to find the 19 states, AR, IA, KS, KY, MN, NE, NV, NJ, NC, ND, OH, OK, SD, UT, VT, WA, WV, WI and WY not out of compliance. All member states that voted were abstaining voting on their own state's compliance. A voice vote was taken and was unanimous. Motion carried.

David motioned to find TN not out of compliance as an associate member state. A voice vote was taken and was unanimous. Motion carried.

David Steines stated CRIC voted Georgia out of compliance with respect to four issues: exemption administration/good faith issue, SER acceptance issues, the cap of \$35,000 in tax on boat repairs and the exemption for food with respect to equalized homestead option sales tax. Representative Kennedy asked if Georgia would like to speak on the issue. Tommy Cooper stated these are issues that require a legislative fix, and nothing is moving as of now. Fred Nicely of the BAC stated they would like to work with Georgia in removing the good faith requirement. Richard Dobson asked Fred if the BAC has planned to engage with the Georgia legislature. He stated the BAC has not, however COST has sent letters regarding the good faith issue. David motioned to find Georgia out of compliance on all four issues. A voice vote was taken and was unanimous. Motion carried.

David Steines stated a public comment was received by Howard Miller of Taxjar stating Indiana does not allow model 4 sellers or sellers not registered under the agreement to file an SER and that Indiana is unable to allow tax preparers to utilize webservices as the standardized transmission process of the uniform tax return. Indiana responded that they had gone through the process with another retailer and have been able to accept the SER. Larry Molnar stated that since the CRIC discussion, they have had a conversation with Taxjar and should be starting testing very soon. David Steines motioned to find Indiana not out of compliance. A voice vote was taken and was unanimous. Motion carried.

Michigan received a similar public comment from Howard Miller of Taxjar that they are unable to allow tax preparers to utilize web services as the standardized transmission process. CRIC found Michigan to be out of compliance. Michigan stated non-CSPs can file the SER, but only if they are registered with Streamlined. Testing can begin within the next 30 days, however an SSTID is needed (this issue should be corrected January 1st). Fred Nicely stated the BAC is pleased to hear Michigan is working on the issue and they agree that MI should be found out of compliance for not being able to accept SERs through webservice. David Steines motioned to find Michigan out of compliance. A voice vote was taken and was unanimous. Motion carried.



David Steines stated Rhode Island was found to not be out of compliance by CRIC as of July 1, 2019 however Rhode Island would not be in compliance with the Agreement with respect to its imposition of tax on specified digital goods as of October 1, 2019 when those laws became effective. Representative Kennedy stated the DOR and Department of Administration will have a bill introduced to rectify this which will be addressed by January or February. Patrick Gengarella added, during the legislative process, there were hearings on this, and it was an oversight on their end regarding the issues. He recommends SLAC looks at the language in the agreement as he believes it is outdated based on today's technology. Fred Nicely of the BAC clarified that when CRIC looked at this, there were three items that were issues related to digital goods and the issue regarding end users has been cleared up. However, based on section 332 language, they believe Rhode Island is out of compliance with the requirements that if the tax is conditioned on recurring payments or on less than permanent use those items must be explicitly indicated in the state's laws. Patrick Gengarella noted the state wants to be in compliance and will work with the BAC to get this corrected. Dave Steines motioned to find Rhode Island out of compliance. A voice vote was taken and was not unanimous. A roll call vote was taken with 16 yes, and 2 no votes. Motion carried.

State and Local Advisory Council – Richard Dobson (KY), Chair, Laura Stanley (OH), Vice-Chair

- Report of St. Paul meeting – August 2019
- Implementing Remote Sales Tax Collection Authority
 - Common Questions – SL18012A04
 - Chart of States Implementation Information - SL18013A03

Richard Dobson provided the SLAC report. Christie is continuing to refine and collect information regarding remote sales tax collection authority through various surveys. We have been expanding the information by asking more questions through surveys to provide the business community and marketplaces with additional information and direction.

Richard also indicated that two workgroups were established- Section 401 D addressing educating registrants through central registration regarding possible liability for other taxes, and the other is a workgroup that is responding to an industry request in defining breast pumps and related terms. Joe Rinzel is representing the Parity for Pumps business coalition and is very open to working with the states in the development of these definitions. They would like them completed as quickly as possible so that they can be available in the upcoming 2020 legislative sessions for the states.

Certification Committee – Tim Bennett (KY), Chair

- Report of St. Paul meeting – August 2019
- Issues being addressed by Certification Committee
 - Multiple Returns/SSTID per FEIN – SL19003
 - Alternate Rate and Boundary Database
 - Additional Taxes Being Reported on SER - SL19001



Tim Bennett reported that the Certification Committee had a long conversation regarding the assigning of multiple SSTIDs per FEIN. The response was that the states were not getting a lot of requests for this. The CSPs were also not getting a lot of requests for this either. While we understand it may come up in the future, we will continue to monitor, but will not make any changes at this time and states will have to handle them as they come in.

Another item discussed was allowing additional taxes to be reported on the SER. We think we can work out a way to do this without changing the schema. We will start a work group to see how this can be done if states are willing to accept the inclusion of these other taxed without the backup information.

The technology implementation guide has been updated to add information to reflect the change in the system that allows sellers to pick and choose the which states they want to be registered in.

Audit Committee –Ellen Auger (MN) and Darrell Engen (ND), Co-Chairs

- Report of St. Paul meeting – August 2019
- Upcoming Contract Compliance Audits
- Upcoming State Tax Compliance Audits
- Necessity and Use of Expanded Test Decks
- Improvements to CSP Audit Process

Craig Johnson reported on behalf of Ellen Auger. The Audit Committee had completed a pilot mapping project with 18 states. We took appendix F data files and pulled out the fields needed to see if it appeared the products were mapped to the proper certified categories. We went through the results with the CSPs at the in-person meeting and are in the process of sending the results to the CSPs. If we are comfortable the mapping is done correctly, the states will be less likely to audit those customers.

The contract compliance audits will be starting in January 2020. Questionnaires will go out to the CSPs and the member states. Craig reminded everyone to fill them out ASAP and return them to the audit core team. States will also be doing state tax compliance audits in 2020!

Finally, training for the state auditors that will be conducting the CSP audits will be done at the March in-person meeting in CA. SST is offering every member state a reimbursement of up to \$1,000 to send people to the training. Something new for this training- we are inviting the CSPs to come in and talk about prior audits, pain points and how to make them more efficient.

Business Advisory Council (BAC) Report – Fred Nicely (COST)

Scott Peterson reported on behalf of the BAC. They admitted a new member, Taxjar. New officers were elected - Carolynn Kranz, President; Russ Brubaker, Vice President; Melissa Smith, Treasurer and Brandi Drake, Secretary. The BAC didn't have any issues to raise with respect to the Board's topics of discussion.



CSP Report and Issues to Discuss With Governing Board

John Mollenkamp stated the CSPs do not have anything to report on at this time that has not already been discussed.

Election of Officers and Directors for 2020 – NC19002

NC19002 was reviewed by Representative Kennedy. Senator Harper motioned to accept the slate. A voice vote was taken and was unanimous. Motion carried.

Election of Nominating Committee for 2020 – NC19003

NC19003 was reviewed by Representative Kennedy. Clark Jolley motioned to accept the slate. A voice vote was taken and was unanimous. Motion carried.

Proposed Amendments to SSUTA for Discussion and Possible Action

- Section 401.D Notifying Sellers of Other Possible Taxes – SL19006A03
- Section 302 and 308 – Alternate Rate and Base Databases – AM19001
- Product Definitions - Breast Pumps – SL19021

Craig Johnson stated AM19001 would be the only amendment up for consideration. The other two proposed amendments are not ready for a vote. The Certification committee put this amendment together with input from the BAC. No state will have to do anything different unless they treat the items identified in Section 302.B. or Section 308.C. differently in their state. If they do treat these items differently and want to take advantage of this option, then they will have to identify these items and put them into an alternate rate and boundary database. The Certification Committee has not yet moved forward with developing the specific process or procedures to follow since they did not know whether the Governing Board even wants to move forward with this alternative.

Proposed paragraph C in Section 302 provides the language that allows this alternative. Mike Walsh stated this won't affect NE, but he is wondering why it we are allowing states 6 months when we found RI out of compliance 24 hours after their law went into effect on October 1. Tim Bennett stated several dates were bounced around and discussions were had with the CSPs concerning how long it might take them to get this in place if a state decides to do this and the CSPs indicated 6 months from when they received notification from the Governing Board seemed reasonable. Scott Peterson added the SER is an amazingly efficient way of sending a return to the state. If you can make it more widely available, it is a great benefit for the CSPs and the customers. Jody stated three months would be great, but once you notify them, they must start the programming, then do the testing, which also requires the states to have their programming in place. Several rounds of testing will likely be required to get it right and historically, it has taken more than 3 months. Tim Bennett motioned to accept AM19001 noting that when the



Certification Committee help their call on this amendment, 19 states voted yes. A voice vote was taken and was unanimous. Motion carried.

Nonmember State Engagement and Model Legislation – MC19006 (page 33), MC19008 (page 41) and MC19009

Rep Kennedy stated we have been trying to get nonmember states to join Streamlined. He spoke in Connecticut this year and while they seemed interested, their bill had nothing about Streamlined in it. Craig Johnson stated MC19006 is the model CSP legislation and MC19008 is the nonmember state participation draft. Craig met with Pat and Fred to get input from them and he is looking to get input from the business, states and CSPs on what people believe the minimum requirements should be to allow a nonmember state to participate with Streamlined. If a state can't join in a full member capacity, we still want them to participate. Craig outlined the requirements as listed in MC19008. Senator Cook stated if you let states in to participate without making all the changes, it might encourage some Streamlined states to leave.

David Campbell stated the importance of bringing nonmember states in so they can participate in the conversation. Senator Harper stated we want to be inclusive and politics and technology is changing. Legislators are the ones setting policy, but there aren't very many in the room. If we don't do this, we won't have anyone participate, but if we do, we might lose states, however we might lose them anyway. We are at a greater risk if we don't open it up. Someone may even come up with something that might be better than what we are doing to remove the undue burden. If we want to enhance the benefits, we need to invite others to the table. Craig stated he wants to be able to have something to tell states that are asking what the requirements are to make sure everyone is on the same page. No changes were suggested, and people were asked to provide Craig comments on the draft documents as soon as possible.

Executive Director Updates and Reminders – Craig Johnson

Craig Johnson provided Executive Director report with this [PowerPoint](#).

He first discussed the trends related to the number of active SST registrants and sellers using CSPs.

Craig discussed the status of the CSP contract negotiations, the issues that they are still working through and indicated the discussion are ongoing. A discussion with the CSPs will take place following the GB meeting today.

Craig discussed the need for nonmember state outreach and getting them to participate with us – stressing that they need to understand the benefits of participation and what our expectations would be of them. Craig also touched on the upcoming contract compliance audits and state tax compliance audits as well as the use of the expanded test decks to make sure we are testing the



CSP systems as thoroughly as possible. He also discussed that he wants to survey the sellers registered through SST to get feedback and input from them.

Craig also recognized the various people that have taken leadership roles in Streamlined including the Executive Committee and the Charis of SLAC, Audit, Certification and CRIC and thanked them for all the work they do for Streamlined. Finally, he encouraged people to reach out to him with ideas for improvements, topics that need to be addressed, etc.

Old Business

None

New Business

None

Adjournment

Rep Kennedy adjourned the meeting at 11:35 am Eastern.