



Streamlined Sales Tax Governing Board Meeting Minutes
Tuesday-Wednesday, November 7-8, 2023
The Brown Hotel, Louisville, KY

Call to Order and Roll Call

President Reed called the meeting to order. The roll of the states was called. With 20 full member states present, and one associate member state, the quorum was established. Absent were Arkansas, Nevada and New Jersey.

Welcome/Opening Remarks

Senator Higdon provided a welcome to Kentucky. President Reed thanked everyone for attending and stated we have a full agenda and will try to get the voting done today, which will result in not going through the agenda in order.

Review and approve minutes from May 2023 (MM23002) and October 2023 (MM23003)

President Reed stated the minutes from the May 2023 meeting had been posted to the website and a link added to the agenda. He asked for a motion to approve the minutes. Mike Walsh provided the motion. No comments were received. A voice vote was taken and was unanimous. Motion carried.

President Reed stated the minutes from the October 2023 meeting had been posted to the website and a link added to the agenda. He asked for a motion to approve the minutes. Mike Walsh provided the motion. No comments were received. A voice vote was taken and was unanimous. Motion carried.

Committee Reports

Executive Committee – Senator Tim Reed (SD), President

Status of CSP Contracts and Recertification

President Reed provided an update on the status of CSP contracts and recertification. Two CSPs, Taxify and Taxometry were not approved for contract extension. Taxify is one of the Sovos tax engines and it was mutually agreed that since Sovos just uses its Global Tax Determination Solution (GTDS) for Model 1 Sellers, the GTDS was recertified but the Taxify Solution would not be. Taxometry was not recertified but may come back at a later date to get certified again. Taxometry has not had any true Model 1 sellers in the CSP program. The remaining CSPs (Accurate Tax, Avalara, Intuit/Exactor and Sovos' GTDS and Tax Cloud received contract extensions for 3 years. Craig will be sending each CSP a letter notifying them.

System Security Policy

President Reed stated the Executive Committee has reviewed the proposed policy and procedures. At this time, the policy is being recommended for approval, but the procedures will be considered in December by the Executive Committee. The Executive Committee is



recommending them for approval. Due to the sensitive nature of the procedures themselves, they are not being published, but the policy MC23006 was made publicly available. Richard Dobson motioned to approve the policy. No comments were received. A voice vote was taken and was unanimous. Motion carried.

Whistleblower Policy

Craig stated that our independent auditors recommended a whistleblower policy be put in place. They provided some information and sample policies for the Governing Board to consider. President Reed stated the Executive Committee unanimously agreed to move forward with the proposed policy. Craig walked through MC23002A01 and also indicated that our Federal Tax Return Form 990 has a question regarding a whistleblower policy and now we can check yes. Mike Walsh motioned to approve the document. No comments were received. A voice vote was taken and was unanimous. Motion carried.

Conflict of Interest Policy

President Reed stated at prior Governing Board and Executive Committee meetings, Craig indicated that our independent auditors also inquire as to whether or not we have a Conflict of Interest Policy in place. We do not – but they always recommend putting that in place. They provided some information for the SSTGB to consider and sample conflict of interest policies. The Executive Committee initially discussed the proposed policy MC23001 at its July meeting, but wanted some revisions worked through. Those revisions were worked through and the Executive Committee voted earlier today to recommend MC23002A01 which was noticed for this Governing Board meeting for final approval as well. Craig walked through the updated document and pointed out that it is the responsibility of each person to disclose if they have a potential conflict of interest. In those cases, the individuals need to notify the president or executive director. Mike Walsh motioned to approve the document. No comments were received. A voice vote was taken and was unanimous. Motion carried.

President Reed indicated that since the remaining items do not require votes, we will move them to later in the agenda and move on to the Finance Committee voting items next.

Finance Committee – Richard Dobson (KY), Chair

Richard Dobson provided the finance report stating we went through the 4th quarter financial report this morning at the Executive Committee, so he won't go through everything unless people have questions. Richard Dobson motioned to accept FC23003. A voice vote was taken and was unanimous. Motion carried.

Richard then reviewed the independent audit report documents FC23006 and FC23007. He highlighted the findings in FC23006 - in the auditor's opinion, "...the financial statements present fairly, in all material respects, the financial position of Streamlined Sales Tax Governing Board, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United



States of America.” The report was accepted by the Executive Committee at the meeting earlier in the day.

Richard moved to the first quarter FYE24 financials FC23005 stating all dues had been received. He highlighted major expenses for the quarter including salary and benefits, central registration, and federal affairs consulting. Assets totaled \$2.6 million with 99% in cash and cash equivalents. Richard Dobson motioned to accept FC23005. A voice vote was taken and was unanimous. Motion carried.

Richard then reviewed the proposed budget amendment FC22004A02 with changes including increasing anticipated investment income to account for the increase from our CD investments. An increase is being proposed in the Salaries and benefits are to reflect potential employee salary increases and the health reimbursement accounts and associated fees. Travel line items show increased reimbursements for states, as well as a new reimbursement being proposed for Executive Committee officers. A marketing line item of \$25k has been added to participate in trade shows to continue to grow the organization and continue to market the CSP services and benefits of our organization. Richard Dobson motioned to approve FC22004A01. Mike Walsh indicated that the proposal does reflect what the personnel committee was recommending with respect to salary adjustments as well as the HRA option. A voice vote was taken and was unanimous. Motion carried.

Finally, Richard reviewed the FYE25 budget adjustment FC23004 and explained the changes were made to align with the approved budget adjustments for FYE24. Richard addressed some of those changes and indicated that since the proposed budget adjustment for FYE 6/30/2024 was just approved, he motioned to approve FC23004. No comments were received. A voice vote was taken and was unanimous. Motion carried.

President Reed indicated that we would now move on to the Compliance Review and Interpretations Committee report.

Compliance Review and Interpretations Committee – Alison Jares (SD), Chair

Alison Jares (SD) provided the report. CRIC held a public meeting on September 19th to discuss the annual State Compliance Reviews. The following states had no compliance issues identified by SST staff or the public: AR, IN, IA, KS, MN, NE, NV, NJ, NC, ND, OK, RI, SD, UT, VT, WA, WV, WI and WY. At the CRIC meeting, a separate vote was requested with respect to WV since there is still a pending issue raised with the Issue Resolution Committee. Richard Dobson motioned to find the states identified by Alison, except for WV for which a separate vote would be taken, not out of compliance. No additional comments were received. Craig reminded folks that the states are abstaining from voting on their own state and due to sanctions, Georgia is not allowed to vote and TN as an associate member is also not allowed to vote on other states' compliance. A voice vote was taken and was unanimous. Motion carried.



Alison then moved on to those states that had potential compliance issues identified: GA, MI and OH as well as Tennessee as an Associate member state. Alison stated CRIC recommends Ohio be found not out of compliance. Christie explained the sales tax holiday issue and the fact that the holiday doesn't apply until 2024. If Ohio does not address the issue prior to next year's compliance reviews, Ohio will have a compliance issue next year. Mike Walsh asked if an amendment will be made by Ohio but that was unknown at this time. Senator Jack Kolbeck (SD) motioned to find Ohio not out of compliance with the agreement. No additional comments were made. A voice vote was taken and was unanimous. Motion carried.

Alison stated CRIC voted Tennessee not out of compliance with the agreement as an associate member state stating the legislature has adopted many of the SSUTA provisions with a delayed effective date, however Tennessee hasn't adopted they provisions necessary to become a full member state. Tennessee therefore would remain an associate member state. Richard Dobson motioned to find Tennessee not out of compliance with the agreement as an associate member state. No additional comments were made. A voice vote was taken and was unanimous. Motion carried.

Alison and Christie Comanita reviewed Michigan's compliance issue regarding prepared food. Although the issue has not been corrected, two bills were introduced in April 2023 which would correct the issue and bring MI back into compliance. Lance Wilkinson (MI) indicated the legislation has now passed and been signed by the Governor. Therefore, the issue has been resolved and the fix will be in place 90 days after the legislature adjourns. Fred Nicely stated he believes it is fine to find Michigan is not out of compliance on the condition that the law goes into effect. Mike Walsh motioned to find Michigan not out of compliance with the agreement. No additional comments were received. A voice vote was taken and was unanimous. Motion carried.

Alison stated that CRIC voted to recommend that West Virginia be not out of compliance with the agreement, but recognizing that the BAC's petition for resolution is still outstanding. Fred Nicely indicated that he believes any motion should clarify that there is a pending issue with the Issue Resolution Committee and the motion should be conditioned on the resolution of that issue. Stacy Acree stated they believe they are not out of compliance with the agreement until someone finds otherwise. Mike Walsh motioned to find West Virginia not out of compliance with the agreement. President Reed asked for comments. Richard Dobson motioned to amend Mike's motion to find West Virginia not out of compliance with the agreement with the recognition there is a pending issue in front of the Issue Resolution Committee which could change the outcome. Mike Walsh indicated that this was not a friendly amendment. Pat Reynolds indicated that from his perspective,, it did not make sense to not condition the motion on the pending outcome of the issue that remains outstanding. Mike Walsh reiterated that this was not a friendly amendment. No other comments were received. President Reed asked Craig to call the roll on the amendment. A roll-call vote was taken on the amendment to the motion. Yes votes: GA, IN, IA, KS, KY, MI, MN, NC, ND, OH, OK, RI, SD, UT, VT, WI, WY, TN. No votes: NE, WA. Abstained: WV. The amendment to the motion carried. Richard Dobson



then restated the motion: to find West Virginia not out of compliance with the agreement with the recognition there is a pending issue in front of the Issue Resolution Committee which could change the outcome. President Reed asked for any comments on that motion. No comments were received. A voice vote was taken and was unanimous. Motion carried.

Alison and Christie then reviewed Georgia's compliance issues which are the same issues they have been found not in compliance with in the previous year: administration of exemptions, acceptance of the SER, caps and thresholds, and local sales tax base with respect to food. Mike Walsh motioned to find Georgia is still out of compliance with the agreement on the issues noted by Christie and Alison. No comments were received. A voice vote was taken and was unanimous. Motion carried.

President Reed thanked Alison, CRIC and the SST staff for their work on this and indicated we would next move to the State and Local Advisory Council issues that require votes.

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

Dave Matelski provided the SLAC report stating at the August committee meetings, SLAC and the business community worked through the documents we will be voting on today.

Sales Tax Holiday Definitions

SL23033A01/SL23033A02 and AM23009/AM23009A01 – Dave reviewed the changes in AM23009 and explained the changes stemmed from a state wanting to exclude baby receiving blankets from the clothing definition for sales tax holiday purposes. They also wanted to be able to exclude wedding apparel. The amendment specifically removes baby receiving blankets but does not remove wedding apparel. It was discussed that wedding apparel is generally larger dollar items and can be excluded through the setting of a particular cap on the purchase price of clothing. Dave also indicated that the language of what constitutes a temporary exemption was updated during Monday's meeting resulting in the amendment to the amendment AM23009A01. Fred Nicely stated the BAC supports this amendment. Mike Walsh motioned to approve the amendment to AM23009 as noted in AM23009A01. A roll call vote was taken with 17 yes votes: GA, IN, IA, KS, KY, MI, MN, NE, ND, OK, RI, SD, UT, VT, WI, WY, TN and 2 no votes: WA, WV motion carried. Mike Walsh motioned to approve AM23009A01. A roll call vote was taken with 17 yes votes: IN, IA, KS, KY, MI, MN, NE, NC, ND, OH, OK, RI, SD, UT, VT, WI, WY and 2 no votes: WA, WV motion carried.

Feminine Hygiene Products

SL23034A01/AM23010 and SL23048/AM23018 - Dave explained the issue and stated the workgroup put together an updated definition, but no state needs to change their law to avoid compliance issues. They will be able to indicate on the taxability matrix how the additional items are treated. SLAC took a consensus vote on Monday which was unanimous supporting the revisions. Fred Nicely asked if the note within the document would appear in the



agreement. Craig stated we could clarify in the motion if the note will be in the agreement or just the minutes. The BAC is pleased the Governing Board has taken on this issue - they are in favor of the amendment and the uniformity, but are concerned with the note. Regardless of the state using the new wording or the old, the definitions are identical. Mike Walsh motioned to approve the document as amended. No comments were received. A voice vote was taken and was unanimous. Motion carried. Mike Walsh motioned to approve the corresponding taxability matrix amendment AM23018. No comments were received. A voice vote was taken and was unanimous. Motion carried.

Disclosed/Best Practices – Economic Nexus – Remote Sellers

Appendix E Monetary Threshold – Best Practice - Disclosed Practices 8.1.c.

SL23036A01/AM23011 - Taxability Matrix – Disclosed Practices 8.1.c. SL23037A01/AM23012
Dave stated that there was a lot of good discussions yesterday, but there was not consensus on AM23011. Therefore the plan is to take this back to the workgroup and not move forward with a vote at this time. Mike Walsh motioned to remove this from the agenda. A voice vote was taken and was unanimous. Motion carried.

Appendix E Timing on When Registration is Required – Best Practice - Disclosed Practices 8.1.j.

SL23025/AM23006 - Taxability Matrix – Disclosed Practices 8.1.j. SL23040/AM23013

Dave stated the consensus vote for AM23006 was 18-2. Fred Nicely stated the BAC does support the proposal. This doesn't help large businesses - it is helping small businesses that are new and go over the threshold in a state, or existing small businesses that are growing their businesses. They believe this is a reasonable time period, although they would like more time as the states take time to get registrations out. Mike Walsh motioned to approve AM23006 and the corresponding tax matrix amendment AM23013. John Ryser stated Washington has been using 30 days and it works well for them. Fred reminded everyone this is a best practice – Washington will not be out of compliance using 30 days instead of 60 and encouraged states to think about that when they are voting. A roll call vote was taken with 16 yes votes: IN, IA, KS, KY, MI, MN, NE, ND, OH, OK, RI, SD, UT, WV, WI, WY; 1 no vote: WA; and 2 abstentions: NC and VT. Motion failed.

Appendix E Registration When No Taxable Sales – Disclosed Practice - Disclosed Practices 8.1.n.

SL23043/AM23014 - Taxability Matrix – Disclosed Practices 8.1.n. SL23044/AM23015

Dave stated there was not consensus on AM23014. The plan was to take this back to the workgroup and not move forward with a vote at this time. Mike Walsh motioned to remove this from the agenda. A voice vote was taken and was unanimous. Motion carried.

Appendix E Marketplace Sellers – Disclosed Practice - Disclosed Practices 8.2.

SL23038/AM23016 - Taxability Matrix – Disclosed Practices 8.2. SL23039/AM23017

Dave Matelski reviewed AM23016 which just adds additional explanatory language to the disclosed practice. Richard Dobson motioned to approve AM23016 and corresponding taxability matrix amendment AM23017. A voice vote was taken and was unanimous. Motion carried.



Certification Committee – David Kolb (IN), Chair

David Kolb (IN) stated the Certification Committee recommended recertification of all CSPs, except Taxify and Taxometry. Proposed changes are being suggested with respect to Appendix E RP23006, Testing Process for CSP and CAS Certification which David explained. David also explained that revisions are also being proposed with respect to the state change request form and instructions. David and Jody briefly described those changes. Mike Walsh motioned to approve RP23006. No additional comments were made. A voice vote was taken and was unanimous. Motion carried.

Mike Walsh also motioned to approved the changes to both the change request form and instructions (MC23005 and MC23004). No additional comments were made. A voice vote was taken and was unanimous. Motion carried.

David then indicated that some of the current issues certification has been working on include states sending notices between the time the return is filed and when the payment was sent (which was timely), so they are essentially sending notices before the payment is due. Another issue involved a CSP compensation review finding sellers claiming they are compensated sellers when they are not due to answering the questions being asked by the CSPs incorrectly.

Election of Officers and Directors for 2024

President Reed stated the Nominating Committee has met as required by the bylaws. They have developed a single slate of candidates for Officers for 2024 and open Director positions. The officers slate includes President- Mike Walsh (NE), 1st Vice President- Senator Curt Bramble (UT), 2nd Vice President- Lance Wilkinson (MI) and Secretary/Treasurer- Richard Dobson (KY). The directors being nominate with a 2-year term that ends 12/31/25 are Nate Weber (WI) and Representative Adam Smith (KS). Andrew Furuseth motioned to close the nominations. A voice vote was taken and was unanimous. Motion carried. Andrew Furuseth motioned to approve the slate. A voice vote was taken and was unanimous. Motion carried.

Election of Nominating Committee for 2024

President Reed stated the Nominating Committee has met as required by the bylaws. They have developed a single slate of candidates to serve on the Nominating Committee for 2024. All of the following candidates have indicated their willingness to serve: Chair - incoming president Mike Walsh (NE), Andrew Furuseth (NC), Larry Molnar (IN), Shannon Fleischer (ND), Senator Ann Rest (MN), Senator Tim Reed (SD), Rebecca Rockwell (UT), Representative Brian Kennedy (RI) and Laura Stanley (OH). Richard Dobson motioned to close the slate. A voice vote was taken and was unanimous. Motion carried. Richard Dobson motioned to approve the slate. A voice vote was taken and was unanimous. Motion carried.

Status of Federal Legislation and Federal Activities – Randi Reid

Randi Reid provided a presentation regarding current federal activities.



Audit Committee – Megan Martin (ND), Chair

Megan stated the audit committee met in August in Cleveland, OH. They discussed the contract compliance audits and some of the issues that arose. New this year, the core team pulled sample data for all 24 states and asked states to respond to the sample. 21 states provided responses to the samples. The core team found very minor errors in the sample. The Audit Core Team's recommendation was to recertify all CSPs that were reviewed. The core team is hoping to review summary data on an annual basis moving forward. She also wanted to note the monthly CSPs meetings are going very well and allowing CSPs and states to resolve issues quickly. She thanked the core team for all of their work and dedication to getting the audits completed quickly.

Business Advisory Council (BAC) Update and Issues to Discuss – Brandi Drake and BAC Members

Brandi Drake spoke on behalf of the BAC. She stated the BAC has taken on three new members and to please let her know if you know of a business that is interested in joining. The BAC discussed digital sourcing and the 5-digit zip code issue. Other areas of discussion included getting Georgia back into compliance. Fred stated it is extremely important to have all Governing Board states participating in this process and to let him know if there is anything he can do to help. Pat stated he would love to see Georgia back in compliance and would like to talk to anyone who has ideas of how they can make that happen.

Certified Service Providers Update and Issues to Discuss

Chad Paulson spoke on behalf of the National Association of Certified Service Providers. The NACSPs continue to meet bi-weekly and appreciate SST for renewing the contracts for three years. They look forward to working through the 5-digit zip code issue and continuing to provide their services. He appreciates the partnership with SST.

Update on Status of MTC Digital Goods Project – Nancy Prosser

Nancy Prosser provided an MTC Digital Goods Project update stating they meet monthly and are continuing to discuss taxation of digital business inputs, taxation of digital products and looking at general approaches of how states impose sales and use taxes on these types of products – broad vs. narrow. They also have an in-person meeting coming up next week in New Jersey and will be having a discussion on the internet tax freedom act and various other issues. Craig thanked Nancy for the work the MTC is doing and their continued coordination of the efforts.

Adjournment

The meeting was continued to 11/8.

Call to Order and Roll Call

President Reed called the meeting to order. The roll of the states was called. 19 full member states were present.



Filing Portal Options

President Reed stated we have been discussing various options to make it easier for remote sellers to file returns and make payments to our member states. This is all part of removing burdens for remote sellers. Three options have been discussed - build our own system, outsource the whole filing process to a third party, or work with our current CSPs and those already filing SERs in member states to see if we can come to agreement on how they would be compensated to offer this service, what the expectations, would be, etc. Based on various discussions, at this point, it was determined that building and running our own system would be costly. We also don't know for sure how many people would use the system. This would require not only the programming costs upfront but also significant time of current staff to develop the requirements of the system, screens, etc., along with ongoing costs. This would also require additional staff to handle customer service and questions. Regarding outsourcing to an independent third party – we can't get costs without having a good idea on how many sellers would likely use this - which is something we just don't know. To coordinate this type of system, it would likely require two-way communication between the third party and the states to get the filing frequency, registration number, etc. correct. We don't even have that ability now with our registration system. This would likely also require significant programming on the part of our member states and we can't even get certain schema changes agreed to be made in a reasonable period of time due to shortage of state resources. Based on this, conclusion is to go forward with trying to work out something with the CSPs and current SER filers to be able to offer free filing services for remote sellers. These folks are already filing SERs with the member states so no additional programming would likely be needed other than that related to the compensation that would be allowed. If this cannot be worked out, then we may go back to the drawing board and look closer at the other options. Craig has asked the NACSPs to be thinking about this, what compensation would be expected, etc.

Combined Rate and Jurisdiction Look-Up Application

Craig stated that we were working on our own combined lookup application, but we were given information from Wisconsin as they were working on their new look up tool at the same time. Had conversations with Wisconsin and the plan at this point is for Wisconsin to share what they have developed with the understanding they are not guaranteeing anything. We will then use this as a base but will have to add information to handle multiple states. Anticipate sometime after the Thanksgiving break to work through the memorandum of understanding and transfer the files. Big thank you to Wisconsin for being willing to share this with us.

CSP Contracts with Nonmember States

President Reed reminded everyone that we have not forgotten about this, but other things have taken priority. Craig did reach out to the NACSP President to ask them to think about what changes to the current CSP contract would be needed with respect to offering these services to nonmember states. Should the compensation rate change since they have not done all of the simplification and uniformity that the SST states have done? Should those states be required to accept the SER? What about the certification process? Other issues or concerns to



offer these services in nonmember states? Anticipate that this will be part of the plan for next year.

Issue Resolution Committee - Larry Molnar, Chair

President Reed explained that the IRC brought a recommendation to the Governing Board at the May meeting which raised questions about the Issue Resolution process itself. The item was tabled, and a workgroup was established. Based on the history of how the Issue Resolution process has been handled in the past, this was an appeals process, and a Governing Board decision was needed before invoking the process. The workgroup developed proposed revisions to the SSUTA and Rules to clarify the purpose of the IRC and make the SSUTA and the Rules consistent. Amendments to the SSUTA and Rules were brought forward during a special meeting in October. The vote ended up being 16 yes, and 1 no. The motion failed as we needed 17 affirmative votes, but only had 17 stated qualified to vote on the call. We now need some options to move forward - either consider the IRC recommendation as drafted or bring the workgroup back together to consider revisions and notice the documents for the December meeting. President Reed explained we can send this back to the workgroup to tweak the language to be voted on in December. Mike Walsh wants people to think about this and look at what the agreement says. Larry Molnar stated we enjoyed a diverse group of voices in the workgroup and encouraged others to join so we can come to a conclusion of what the issue resolution committee should do in cases like this. Mike Walsh motioned to send this issue back to the workgroup to take another look at the document and make any necessary changes and bring it forward to the Governing Board for a vote at the December teleconference meeting. A voice vote was taken and was unanimous. Motion carried.

Sourcing Using 5-digit Zip Codes/Limited Purchaser Information - SLAC

President Reed stated this item does not require any official votes, but SLAC is looking for direction from the Governing Board on how to move this issue forward. SLAC representatives are not all in agreement or sure which direction to go on some of the key points. President Reed stated we need to give SLAC more direction of where we want to go, or we need to drop the issue. He believes we want to stay in control of the issue and give remote sellers direction on this. President Reed is suggesting that SLAC take a look at Section 305 and to limit changes to those transactions that do not require physical delivery of the product and in those cases, require sellers to request full address information but, require the seller to at least obtain the 5-digit zip code. States would be allowed the option to assign the rate for the 5-digit zip code at either the highest, lowest or some blended rate. Fred stated that from his perspective, the key section is Section 310A.5 as it is a sourcing issue and want to source as few transactions as possible to the default as provided in Section 310.A.5 (origin). There is frustration from the states and sellers as to what is required and how to properly source the transactions and determine the applicable tax rate on these types of transactions.

Craig stated we need to look at both Section 305 and Section 310. Section 310 sources the transaction and Section 305 then determines the rate to charge based on where the transaction



was sourced. In order to have the best chance of determining the proper rate, you need to request the address or 9-digit zip – except in those states that do not have local taxes. In those cases, a 5-digit zip is sufficient.

Bruce Johnson stated the CSP proposal allows states the option to maximize revenue by maximizing flexibility. Dave Matelski appreciates what Bruce is suggesting, but we may be chasing our tails if we have principles that are too broad. SLAC needs solid direction on where to go with this.

Pat Reynolds thanked President Reed for trying to get this through the log jam with his legislative perspective. The BAC has put together some principles that will be put against whatever comes out of the workgroup - Pat read through the principles.

Craig stated if we are going to allow sellers to just use whatever information they happen to get, then we want to make sure states still have the ability to choose what they want to do as a state. Right now, under the SSUTA, states are required to apply the lowest combined rate in the jurisdiction. Bruce stated he doesn't think we are ready to be overly specific and the governing board's consideration of blended rates is a good thing.

Richard stated, from a Kentucky perspective being a one rate state, he can see limiting to items that don't need a delivery address and a toggle for the states depending on what is provided.

Fred Nicely stated 20 years ago the US Supreme Court addressed Missouri's use of a blended rate on remote sellers selling into their state, which could end up with a rate higher or lower. The court stated it was unconstitutional or discriminatory to use the blended rate when it is higher than what a local would pay. He believes we need to break it into 2 steps - address origin sourcing, then look at local tax and 5-digit zip codes. Craig stated he doesn't believe the *Lohman* decision is consistent with what we are considering. We are not imposing this on all remote transactions, just when the purchaser doesn't provide, or the seller doesn't get the needed information to determine the proper rate.

Deb Peters provided some history on why we got to the lowest rate and stated there is a white paper in the library. Dave Metelski thinks giving states flexibility is best. Craig stated SLAC needs to tie 305 and 310 together. Fred Nicely stated whether you look at the state or CSP proposal, it doesn't require states to change anything.

A question was raised whether the MTC is also working on this. Craig stated MTC is not working on sourcing, they want us to look at it and come up with a proposal and they have folks participating with us. They are primarily looking at how to define digital goods, how states are imposing tax on digital goods, etc. Bruce Johnson stated that there is some urgency with this issue as the CSPs have merchants that are wanting to comply in a way that works with their business practices and works for them economically and need and want the certainty.



President Reed suggested that SLAC continue the workgroup with the following principles and develop language for the Governing Board. The principles are (1) Limiting this to transactions that do not require a physical delivery address, (2) request full address and 5-digit zip code or 9-digit zip code, but require at least 5-digit zip code be obtained, (3) allow the state to determine the rate to apply if just a 5-digit zip is obtained and (4) take into account both Sections 305 and 310. Dobson motioned using this language.

Chad reminded folks that the NACSPs had put together a modest solution and finessing this language may be all that is needed. Mike Walsh indicated that states could require a 9-digit zip code. Craig indicated that was not his understanding and President Reed indicated that no the states could not require the 9-digit zip code – only a 5-digit could be required. Dave Matelski also indicated that he does not want to require the 9-digit zip code particularly because Michigan is a one rate state and only needs a 5-digit. Chad asked about putting in language regarding liability relief if no 5-digit is obtained. President Reed indicated that is not part of the motion, but SLAC can consider and put that in if necessary. A voice vote was called, but was not unanimous. A roll call vote was taken with 16 yes (IN, IA, KY, MI, MN, NC, ND, OH, OK, SD, UT, WA, WV, WI, WY and TN) and 1 – no (NE). The motion carried and SALC will work out a proposal based on these parameters.

Bruce Johnson commented that the work of SST is amazing. The states and the business community face significant complexities and he indicated that it is much easier to work through the differences with SST states than the non-SST states. He also indicated his appreciation for the mutual respect and civility shown when there are disagreements.

Executive Director Updates and Reminders – Craig Johnson

Craig Johnson provided a brief the Executive Director update sharing information regarding updated Streamlined registrants and collections, contacting Streamlined with law changes or updates, and offering in person training to interested states. He also called attention to a recent report released by the Tax Foundation and encouraged folks to review and consider the information contained therein. Carig also indicated the he wanted to folks to really be thinking about local taxes and keeping mind the burdens of trying to comply with those various taxes, particularly when they are not uniform and administered separately by each jurisdiction. Finally Crag reminded states of the importance of continuing to put information out that helps educate remote sellers about the possibility that they may need to be collecting and remitting taxes to every state to which they ship their products and what SST has done to help reduce these burdens, particularly the SSTRS and the CSP program.

Roundtable Discussion

Attendees had a roundtable discussion where they provided ideas for the Governing Board to address in the upcoming year. The planning committee will discuss and prioritize these during their meeting in January 2024.



Some of the topics raised included the use of AI, liability relief for new states that join, setting up some type of automatic VDA for remote sellers, the filing portal/free filing option, nonmember state participation, making it easier for sellers to join the program and limiting lookback periods for sellers that come forward as well as other local taxes and what can be done to make these more uniform.

Old Business

None

New Business

None

Adjournment

President Reed asked for a motion to adjourn at 11:40 AM Eastern (Mike Walsh provided).