



Streamlined Sales Tax Governing Board Meeting Minutes
Tuesday, May 7, 2019, 1:00 pm – 5:00 pm mountain
The Graduate Hotel, Providence, RI

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, 20 full member states, and 1 associate member state were participating, and the quorum was established. Kansas, Vermont and West Virginia were absent.

Opening Remarks

President Brian Kennedy welcomed Rhode Island Secretary of State Nellie Gorbea, who spoke about the history of Rhode Island and provided a welcome to the attendees.

Approval of December 2018 Governing Board Meeting Minutes – MM19001

President Kennedy asked the attendees to review the minutes of the prior meeting and offer up any corrections or additions. No comments were received. Tim Jennrich 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 legislative update. See PowerPoint located [here](#). Randi stated she is available for questions and encouraged people to reach out to her directly.

Status of Individual State Remote Sales Tax Collection Legislation and Litigation

Craig Johnson asked each state to report on their status of implementation. Document SL18013A01 was reviewed and updates were made as necessary. Christie will continue to update the chart and a new version will be posted to the library.

Implementing Remote Seller Collection Authority in view of the Wayfair Decision

Craig Johnson presented article MC19005- Member States Working Together to Inform Its Registrants of Possible Collection Requirements in Other Member States. He stated businesses need to be aware they may have collection requirements in other states. If each state informs their own sellers they may owe tax in other states, every member state is helping every other member state. Various discussions took place about how states reach out to their sellers. Diane Hardt added that with their GenTax software, they have the ability to send messages to everyone that has opted in. Diane thought that about 90% of registered taxpayers have opted in. Michael Eschelbach stated Michigan could post it on their website and in their newsletter. Neil Downing (RI) asked if they could use the article as provided. Craig stated the article is in draft form for each state to personalize, and they can do so immediately if desired. Mike Walsh noted a similar question was placed in Nebraska's FAQs and if each member state shared this article, the audience would be vast. Richard Dobson encouraged each state to follow through and share the article in some way before the next Governing Board meeting. States were in agreement that the easiest way to get the word out to all sellers would be for each state to educate their sellers about remote



seller collection requirements in other states and provide links to the Streamlined remote sellers page.

Reports of Committees

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

- Report on Closed Session
- 2019 Sanctions Recommendation – GA
- New Class of Membership
- CSP Contract Negotiations

Rep. Brian Kennedy provided the report of the Executive Committee. He reported during the closed session, the Executive Committee voted on compensation and hours of the SSTGB staff. They also voted on an issue brought forth by the state of Washington regarding whether or not a particular seller qualified as a “volunteer seller” under the CSP contract. The determination was that the particular seller did not qualify as a volunteer seller in Washington.

Rep. Kennedy moved on to the Georgia compliance issues regarding the good faith requirement for accepting exemption certificates, their inability to accept the SER from sellers other than Model 1 sellers, the cap of \$35,000 in tax on boat repairs and the exemption for food from local tax in one jurisdiction. He stated that the sanctions being recommended have been in effect for the past two years, and we have been trying to work with Georgia on ways to get them back in to compliance. Representative Kennedy asked for discussion. Fred Nicely of the BAC stated they did not talk about this issue in the Business Advisory Council meeting that morning. Based on prior conversations, the BAC does want to see Georgia get back in compliance. They understand SLAC is working on modifying the SER. He believes the sanctions are important and would like to see Georgia back in compliance. Amy Oneacre stated Georgia has no comments. Clark Jolley motioned to adopt the sanctions. Mike Walsh asked that the SER portion of the sanctions be voted on separately, as Nebraska would not vote out of compliance based on that issue.

Tim Jennrich asked to amend the motion to separate and remove the SER acceptance wording from the sanctions recommendation. A voice vote was taken and was unanimous. Tim Jennrich then motioned to accept the sanctions recommendations based on the SER acceptance language. A voice vote was taken but was not unanimous. Therefore, a roll call vote was taken. All were in favor, except for the state of Nebraska. Motion carried.

Craig Johnson spoke about a new class of membership or something similar in hopes to get non-member states involved. He is looking to identify the requirements contained in the SSUTA that non-member states would be willing to use that would be helpful in getting them involved in the Governing Board and also help make them less likely to be subject to an “undue burden” challenge by remote sellers. If non-member states do not do something to simplify their requirements and remove the “undue burden” on remote sellers, it is very likely that some remote seller will challenge whether or not they can be required to collect and remit the state and local sales and use tax. Document EC19002 lays out various items of importance that non-member states could



adopt and participate in, such as the central registration system, the CSP contract, the rate and boundary databases, the taxability matrix (identifying differences), etc. If a non-member state did these things, they would not be a full member but it would help them remove the undue burdens on remote sellers.

Fred Nicely stated when the Wayfair decision happened there was a lot of interest in getting non-member states involved. We never got into the weeds about what this would look like. Before we had the January planning meeting, he thought laying out the sections in the agreement would be a good idea. After seeing EC19002 the BAC has issues with trying to create a new class of membership. They would rather see an advisory state status, where people could use central registration and CSP services if they did a few things in this document. There should be no new type of membership but allow a path for what a non-streamlined state would have to do to use Central Registration and CSP services. The BAC developed EC19003 for consideration.

Many of the meeting attendees supported the BAC that there should not be a new class of membership. Steve DelBianco stated he has been suggesting nonmember states use a centralized registration system. He commended Craig for the thoughtfulness of EC19002. He agrees that the second document, EC19003 will sell better, but could get us to the same place. He suggests instead of asking states to cherry pick what they want, give them the costs and options, then see how that sells.

Various additional discussions took place on this topic and it was agreed that this should be discussed further at the next meeting.

The next topic was CSP Contract Negotiations. Richard Dobson stated the MLM and Marketplace Facilitator issues need to be addressed. He indicated they should be addressed in the CSP contract and not the SSUTA. David Campbell noted he has been working with the Contract Negotiating Committee to define marketplace facilitators and multilevel marketers. He understands you don't want to define a business model in the SSUTA, but if there is going to be a definition, the MLMs need to be in the room when the definitions are agreed upon. Craig Johnson stated the current definitions are in the contract and should remain there.

The comments made so far are indicative that it may be dangerous to try to add these types of definitions to the SSUTA and since they apply to the CSP contract, that is where they should be defined. Senator Cook stated if any changes are made in the SSUTA he has to enter a bill into the legislature to be discussed with people who have varying degrees of knowledge. David Campbell stated he doesn't want to see any additional language in the CSP contract as there is already a mechanism in the contract allowing a state to challenge a volunteer status. Craig indicated that since the MLM and marketplace facilitator issues have been identified as needing to be addressed, that while he agrees with David that there is a process for a state to challenge the "volunteer status" of these types of entities, the states and presumably the business community want clarity on this rather than each state having to go through the process with the CSP, seller and Executive Committee to get a determination. The Contract Negotiating Team will continue to work on this issue.



Finance Committee – Diane Hardt (WI), Chair

- Financial Report – 1st, 2nd and 3rd Quarter FYE 6/30/2019 – FC19001, FC19002, FC19003
- Proposed Revisions to FYE 6/30/20 FC18009A02
- FYE 6/30/18 Audited Finance Statements FC19004 and FC19005

Diane Hardt stated Streamlined is in stable financial condition. Our actual expenses are pretty much in line with our budgeted amounts. Diane Hardt motioned to approve FC19001, FC19002 and FC19003. A voice vote was taken and was unanimous. The motion carried.

FC18009A02 contains the proposed revisions to the FYE 6/30/2020 budget. Diane and Craig walked through those documents and explained the proposed changes.

Craig stated FC19004 and FC19005 represent the report that was issued relating to the independent financial statement audit that was completed by SnyderCohn. The audit did not result in any changes to the numbers previously reported by our accountant and discussed at the last Governing Board meeting. Craig indicated that he was pleased with the report and the work of our accountant, Carol Faulb. Diane asked for any discussion or questions.

Diane Hardt motioned to approve FC18009A02, FC19004 and FC19005. A voice vote was taken and was unanimous. The motion carried.

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

- Annual State Compliance Reviews

David Steines reviewed the proposed annual state compliance timeline. The goal is to complete the reviews as early as possible and ideally be able to vote on each state's compliance at the in-person October Governing Board meeting. Craig Johnson asked states to please try to complete and submit their annual compliance reviews as soon as possible after July 1. David also asked CRIC committee members and the states to mark the dates on their calendar to make sure they can be available for the calls. Fred Nicely stated the reviews went very smoothly last year from the BAC's perspective. He is hopeful the reviews can be reviewed and voted on at the in-person meeting as well, and not at a teleconference.

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

- Report of Chandler meeting – February 2019
- Implementing Remote Sales Tax Collection Authority
- Common Questions – SL18012A03
- Section 401.D Requirements – SL19002
- Draft Language For Consideration Relating to Section 401.D- SL19006
- Sourcing Services – SL19005
- Revisions to SER and Allowing the Reporting of Other Taxes – SL19001, SL19003
- Digital Goods Workgroup – SL19004



Richard Dobson provided the SLAC report. He stated several work groups had been established after the planning meeting. The common questions document has continued to be refined since the emergency Governing Board meeting in July 2018. Member states will be receiving follow up questions and surveys to provide further guidance. The document that will be published has been edited and refined by all member states. David Campbell asked that the consideration of adding the look back period be included in this document as it has not been consistent between states.

Richard stated four SLAC work requests were developed and received after the last meeting.

Fred Nicely thanked Richard for the Section 401.D Requirements – SL19002 work group. The BAC believes it is important to educate and inform businesses as soon as possible about any other tax obligations the business may have. Their biggest concern however is using wording that everyone is comfortable with. He looks forward to working with the group to finesse the current language.

Laura Stanley reported the SL19005 Sourcing of Services workgroup had a few meetings with minimal participation. There were no specific issues that came up that need to be addressed at this time. The BAC agreed the group is not needed at this time but may need to form again in the future.

With respect to work request SL19004 relating to digital goods, the workgroup met and agreed to stop working on this due to pending federal legislation. It was group consensus to wait to see if anything happens at the federal level.

With respect to work request SL19001 relating to Revisions to the SER, that work request was passed to the certification committee for further discussion and development.

Certification Committee – Tim Bennett (KY), Chair

- Report of Chandler meeting – February 2019
- Issues being addressed by the Certification Committee
 - Possible SER Scheme Changes

Tim Bennett reported that the Certification Committee met in Chandler in February. The registration system changes allowing businesses to pick and choose states went into effect during the meetings. The CSPs provided demos of their testing systems to the attendees in separate closed meetings. Tim also reported that in the past 30 days, there has been one application request for a new CSP candidate.

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

- Report of Chandler meeting – February 2019
- Necessity and Use of Expanded Test Decks
- Issues Being Addressed by Audit Committee
- Upcoming Contract Compliance Audits



Shannon Fleisher provided the Audit Committee report on behalf of Ellen and Darrell. The Audit Committee is discussing replacing Sharefile with a Data Warehouse to make the exchange of large files between the CSPs and states more efficient, with a focus on security. There is an ongoing pilot mapping project which most states have agreed to participate in. A few sellers will be assigned to each state to review how the seller is mapping their products to the CSP certified codes. Questions will be forwarded to the CSPs. The Audit Committee is reminding states to periodically confirm the CSP product category codes are still correct. The codes can be submitted to the CSPs in the form of a Test Deck, and the CSP will reply with their results which will help identify any discrepancies. The goal is to minimize the time states spend on tax compliance audits with the CSPs.

Business Advisory Council (BAC) Report – Fred Nicely (COST) and Carolynn Kranz

Fred Nicely reported the BAC feels it is important for states to not take action that may lead to them being out of compliance with the SSUTA. The BAC also would like the Executive Committee to remain balanced with 5 legislators and 5 tax administrators and believes legislator involvement is very important. If something happens with digital goods at the federal level, they would like SST to quickly address the issue. The BAC also wanted to reiterate they are not in support of a new class of membership but are in support of creating a blueprint of what states would have to do to participate in central registration and the CSP contract. They would like to see a work group formed to address this.

CSP Report and Issues to Discuss With Governing Board

David Campbell discussed conversations he has had with Connecticut and Pennsylvania. Chad Paulson of Avalara would like to see the SER workgroup move forward to be able to report different types of tax. He is seeing more and more issues with filing frequency changes when a new seller comes on board. There needs to be a consensus resolution from the states on how they are going to handle this. Craig Johnson stated the issue will go to the Certification Committee to look at as well as language regarding funding after the due date.

Executive Director Updates and Reminders – Craig Johnson

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

Old Business

None

New Business

Larry Molnar stated Indiana has begun a 4 phase, over 5 years rollout of a new system with FAST Enterprises.

Adjournment

Richard Dobson motioned to adjourn the meeting at 11:20 am Eastern.