

**Streamlined Sales Tax Advisory Council
November 11, 2009, Meeting Minutes
Hoover State Office Building**

Members Present: Mark Schuling, Dave Casey, Ed Wallace, Ann Stocker, Andy Warren, Jim Henter, Stephen Roberts. Those joining via telephone: Dave Krutzfeldt, Dick Koberg

Proposed New Members: Dale Busacker was present and Mike Rubino joined via telephone.

Staff Present: Victoria Daniels, IDR; Larry Paxton, IDR; Darwin Clupper, IDR; and Jim Miller, AG

I. Welcome & Opening Comments

Mark called the meeting to order at 10:07 AM. Introductions were made. Mark introduced proposed new members Dale Busacker and Michael Rubino. Dale is with Grant Thornton out of Minneapolis and has served on the Business Advisory Committee since March 2007. Mike currently holds the position of Director, State Taxes, with Deere and Company located in Moline, Illinois. With no objections stated from the Advisory Council, Mark welcomed Dale and Mike to the Advisory Council.

II. National meetings in Oklahoma City, OK (Sept. 2009)

A. BAC

Dale Busacker indicated the significant issues at the BAC meeting were vendor compensation and how we source taxable services.

Ed Wallace stated Dale and Mike will be good additions to the Advisory Council. He also shared that the Main Street Fairness Act is moving forward.

Dave Casey mentioned that Kristi Magill was at the meetings in Oklahoma City. She was finishing up the direct mail issue. She is still interested in SST and hopes to be back on the Council if the opportunity presents itself.

B. SLAC/Governing Board Meeting

Issues discussed in the SLAC meeting were:

- Exemption Certificates and Good Faith Language – Motions by Wisconsin and Ohio (handouts) to be voted on in December. Iowa is comfortable with these. We have the relaxed good faith provision.

- Sourcing of Services – SLAC has a work group. Iowa’s paper that was provided to the workgroup was handed out to the Council.
- Vendor Compensation – Copies of Jerry Johnson’s presentation were handed out to the Council.

Governing Board Meeting:

Sales Tax Holiday – Disaster Preparedness Amendment – passed by Governing Board.

Membership – Handout (Section 801) AM09021 – A motion by various states to amend the SSUTA relating to membership. How to deal with associate states, contingent membership and advisor memberships. This passed initially in Oklahoma and will have a second vote in December. This was created to help states be a part of the project. BAC has concerns about Tennessee, who keeps delaying membership.

Direct Mail sourcing rules approved A lot of discussion; Kristi was the lead on this issue. She put a lot of time and effort into it. Kudos to Kristi.

Interpretative Opinion 2009-6 – Should breakfast bars and cereals and other items that meet the definition of Candy be taxed as candy? Iowa disagrees that these items are “candy” just because they lack flour. We consider them to be classified as food. Even though we voted against this opinion, it passed SLAC and moves on to the Governing Board for vote.

Filing Returns – Amendment for sellers registering through the central registration system; the seller can choose what states they will have to file a return with if they do not have sales in that state. They will not be required to file until there are sales in the state. Also, \$1,000 limit is eliminated after 01/01/10.

III. Federal Legislation/Vendor Compensation

Federal Legislation – No federal legislation has been filed this year. Controversial areas are being worked through before filing legislation.

Vendor Compensation – A handout was provided entitled, “Compensation Items To Be Considered” noting issues with credit and debit card fees and other costs. The Council engaged in a lengthy discussion. We question the figures listed for Iowa because we believe a significant portion is already being collected.

IV. Certificate of Compliance and Taxability Matrix / Annual Recertification

Iowa has provided an updated certification and taxability matrix. Iowa has been held out of compliance because our definition of sales price has bundled transaction language. This will require legislative action to take out the language. A contingent sanction option was created to give us until the end of our legislative session to get legislation passed. The Council discussed the need to have the legislation run clean and quickly. The Department has a draft. Iowa was also held out of compliance for both 2008 and 2009. If sanctioned; we cannot vote on amendments.

Custom software maintenance contract provisions in the taxability matrix were incorrect. It has now been corrected.

V. Update on Legislation and Rules

Victoria updated the Council. Service Rules will be out for review by the end of December.

VI. Update on Registration & Revenue Tracking

Larry Paxton updated the Council. There are currently 1,200 retailers registered with the SST. Of those retailers; 300 have sales into Iowa. Collections for fiscal year 2009 were around \$12 million.

The Council discussed the amendment regarding filing returns. If it passes, three-fourths of the retailers will not have to file.

Dale discussed an amnesty period to encourage another waive of retailers to register. Dave thought the Department would support an amnesty period.

Annual Report – Larry will start working on the Annual Report to the Legislature and finalize it after the December Governing Board meeting. The Council will hopefully have it for review in the first part of January.

VII. Future Streamlined Sales Tax National Meetings

A. December 17, 2009 (Conference Call only)

The agenda is on the web site.

B. April 28-30, 2010, Washington, D.C., Hyatt Regency Washington on Capitol Hill

Purpose of this meeting will be to lobby Congress.

VIII. Set Next Advisory Council Meeting

The next meeting will be scheduled in May. It will take place after the April Governing Board meeting, and we will have a better idea if federal legislation is going to happen.

Council will have the opportunity to review the Annual Report via e-mail or a conference call.

IX. Adjournment

Mark thanked everyone for their participation and adjourned the meeting at 11:43 AM.