

**MINUTES**  
**STREAMLINED SALES TAX ADVISORY COUNCIL**

November 20, 2018  
1:30PM to 2:45PM  
Hoover Building, #430

Present: Hollie Welch, Adam Humes, Alana Stamas, Courtney Kay-Decker, Dave Krutzfeldt, Jim Henter, Logan Shine, Matt Everson, Mike Ralston, Tim Reilly, Tom Sands

Via Phone: Bill Brown, David Brunori, Michael Rubino, Chris Theisen, Dale Busacker

Not Present: Dick Koburn, Michelle Hurd, Don Brown, Naval Tandon, Melissa Smith, Warren Townsend, Monti Miller (unable to contact, no viable information)

**01. Introduction**

- Streamlined Sales Tax Governing Board
  - March 2000
- HF 683 passed legislation that enabled Iowa to enter streamlined sales and use tax agreement
  - June 2003
- Iowa became a full member
  - October 2005
- Purposes of Streamlined
  - simplify and modernize sales and use tax administration in order to substantially reduce the burden of tax compliance
- 10 ways Streamlined seeks to do that
  - State level administration of sales and use tax collections.
  - Uniformity in the state and local tax bases.
  - Uniformity of major tax base definitions.
  - Central, electronic registration system for all member states.
  - Simplification of state and local tax rates.
  - Uniform sourcing rules for all taxable transactions.
  - Simplified administration of exemptions.
  - Simplified tax returns.
  - Simplification of tax remittances.
  - Protection of consumer privacy.

**02. 2018 Reform**

- Sales Tax Provisions, Signed by Gov. Reynolds May 30, 2018
- Important to note: increased sales tax revenue used to help pay for income tax reductions, reform, and federal conformity

- Sales tax changes in 4 categories
  - expand who has to collect Iowa sales tax
  - base expansion
  - expand who had to collect and expanded the sales subject to tax that must be collected
    - if have to collect, collect sales tax and LOST--the same as Iowa-based retailers
  - other uniformity and consistency of streamlined definitions
- Result of SF 2417
  - Increased sales tax revenue will result in an increase in SAVE, school infrastructure funding (current 1/6 of sales tax collected)
  - Expanded collection obligation and base to include mostly items that aren't sold at a business location
  - Positive development for LOST wherever it applies collect in rural counties
  - Further improvement: uniform state rate with money distributed to local jurisdictions another way

### 03. Wayfair Summary

- Wayfair v. South Dakota, June 21, 2018
- Previous rule: physical presence rule
  - Before a retailer can be required to collect a state's sales tax, the business must have a physical presence in the state (i.e. property, employees, agents, etc. in Iowa)
- By time of Wayfair, this "physical presence" requirement was a restriction specific to sales tax
- Wayfair decision: overturned the physical presence rule
  - sales tax laws will be measured by the same dormant commerce clause standard that applies to other state taxes:
    - apply to an activity with a substantial nexus with the taxing state,
    - fairly apportioned,
    - does not discriminate against interstate commerce, and
    - fairly related to the services the state provides
- Court specifically pointed to SD's membership in Streamlined Agreement as standardizing and reducing administrative and compliance costs
- Removal of physical presence rule basically freed the company to invest anywhere the made business sense--not dependant on sales tax collection considerations
- Tax Foundation: Wayfair Checklist--issued in August 2018
  - Safe harbor
  - No retroactive collection
  - Single state level administration of all sales taxes
  - Uniform definitions of products and services
  - Simplified tax rate structure
  - Access to tax administration software
  - Immunity for sellers who rely on software
- Iowa's remote seller law: that part of the statute is identical to SD's
  - Starts 1/1/19--reasonable for retailers to get ready, starts in the future
    - no retroactive collection

- Iowa is a streamlined member
- Sales tax administered only by IDR
- Uniformity of certain terms and other simplification
- Result: Iowa is good to begin collecting sales tax from out of state retailers on 1/1/19
- Tax Foundation: in August 2018 listed Iowa as just 1 of 11 states that satisfied the entire “Wayfair checklist”--in the strongest position to require sales tax collection
- Important: Wayfair = one of the purposes of Streamlined achieved
  - reduce the compliance burden so that states could lawfully require out of state sellers to collect without imposing undue burdens

#### **04. Rulemaking Status**

- Website Links:
  - [Remote Sellers](#)
  - [Marketplace Facilitators](#)
  - [Wayfair](#)

#### **05. Guidance to Date**

- Request for Guidance [Link](#)

#### **06. Recent Streamlined Activities and Upcoming Governing Board decisions**

- New Streamlined Sales Tax Website: 52.15.48.162/home