



Federation of Tax Administrators Annual Meeting June 7 - 9, 2004

State Sales Tax Revolution (the SSTP)

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Conforming States

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Overview

- SSTP Status
- Unresolved Issues
- SST Conforming States

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Who's Involved

- 45 States & DC impose sales tax
- 42 States & DC involved in SSTP
- 40 States & DC involved in SSTIS
- 21 States passed conforming or partially conforming legislation
- Business community
- Congress considering S. 1736 and H.R. 3184

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Technology Implementation

- Central registration system
- Database matching rate to local jurisdiction
- Database of boundary information for local jurisdictions
- Taxability matrix

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Technology Implementation

- Model 1 - Certified Service Provider (CSP)
- Model 2 - Certified Automated System (CAS)
- Model 3 - Certification of In-house (Proprietary) System
- Continue with system “as is”

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Certified Service Provider Request for Proposal Timetable

- 09/01/04 Issue Request for Proposal
- 09/08/04 Submit Questions for Pre-proposal
Conference
- 09/15/04 Pre-proposal Conference
- 09/22/04 Post Answers to Questions
- 11/01/04 Proposal Due Date

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Certified Service Provider Request for Proposal Timetable

- 12/01/04 Evaluation Committee Completes
Review
- 12/2004 Negotiation
- 01/2005 Contracts Tentatively Awarded
- 01-06/05 Certification of Contractors

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Amnesty Provisions

- Sellers who voluntarily register to collect tax receive amnesty against liability for prior sales regardless of nexus
- Only available after Agreement becomes effective
- Not available to any seller that has received an audit notice from a state

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Unresolved Issues

- Bundling
- Exemption Administration
- Audit Process
- Holiday Definition for School Supplies
- Digital Equivalents
- Telecommunication Definitions

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Unresolved Issues

- Implementation of Technology
- Sales Price Issues
- Prepared Food Rule
- Sourcing Issues
- Credit Issues

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State Conformity (20.84% of population)

- Arkansas
- Iowa
- Indiana
- Kansas
- Kentucky
- Nebraska
- Nevada
- North Carolina
- North Dakota
- Ohio
- Oklahoma
- South Dakota
- Tennessee
- Utah
- Vermont
- West Virginia
- Wyoming

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State Conformity Close (15.16% of population)

- Minnesota
- Texas
- Washington
- Michigan

- Maryland – tied to federal action – 1.93%

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Streamlined Conforming States

- Operating Rules of the Implementing States amended 11/03 to create a “Conforming States Committee”
- Conforming States Committee is charged with:
 - “Tak[ing] necessary and appropriate steps to create administrative and staffing mechanisms necessary to implement the Agreement.”
 - Laying groundwork for operational implementation of the Agreement once the terms of the Agreement become effective.

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Streamlined Conforming States

- Committee is comprised of those states that the co-chairs of the Implementing States determine in “good faith” have passed amendments to their laws sufficient to be in substantial compliance with the Agreement disregarding the effective date of those amendments.
 - Determination is not a thorough review of the state’s law and does not mean a state is in “substantial compliance” with the Agreement.

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Conforming States Committee

- Arkansas
- Indiana
- Iowa
- Kansas
- Kentucky
- Minnesota
- Nebraska
- Nevada
- North Carolina
- North Dakota
- Ohio
- Oklahoma
- South Dakota
- Tennessee
- Utah
- Vermont
- West Virginia
- Wyoming

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Streamlined Governing Board

Responsible for the administration and operation of the Agreement and may take any action that is necessary and proper to fulfill the purposes of the Agreement.

- May employ staff, advisors, consultants or agents
- May allocate the cost of administration of the Agreement among the member states.

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Conforming States Strategy

- **Team to Review Organizational Structure and Management Operating Procedures**
 - What is the appropriate entity structure for the G.B. and how will it be managed on day to day basis?
- **Team to Analyze Funding Structure**
 - How will the cost of operating the G.B. be appropriated among the members of the G.B.?
- Is International Fuel Tax Agreement an appropriate model?

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Streamlined Governing Board

Approves and maintains:

- rates and jurisdictional databases
- certified automated systems and certified service providers
- tax returns and exemption certificates
- central registration database

Promulgates rules necessary to administer the Agreement

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Streamlined Governing Board

May assign duties to committees including:

- Responding to questions regarding the administration of the Agreement;
- Preparing certification requirements and coordinating the certification process for CSPs;
- Coordinating joint audits;
- Issuing requests for proposals;
- Coordinating contracts with member states and providers;
- Maintaining records for the governing board

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Conforming States Strategy

- **Technology Committee** to address all technology and database related issues
- **Tax Administration Committee** to address issues related to returns, exemptions and registration
- **Compliance Committee** to address matters related to process of determining compliance related issues

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Conforming States Strategy

- **Rules and Procedures Committee** to address areas where need formal processes such as interpretations of agreements, definition requests, issue resolution, sanctions

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Streamlined Governing Board

- **State and Local Government Advisory Council**
 - Advises G.B. on matters pertaining to the administration of the Agreement including admission into membership, noncompliance, and interpretations, revisions or additions to the Agreement
 - Advises Business and Taxpayer Advisory Council
 - Members:
 - At least one representative from each state that is a participating member of the SSTP
 - Local government officials.
 - Other state officials as it deems appropriate.

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Streamlined Governing Board

- **Business and Taxpayer Advisory Council**
 - Advises Governing Board on matters pertaining to the administration of the Agreement including admission of states into membership, noncompliance, and interpretations, revisions or additions to the Agreement.
 - Members:
 - Private Sector

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Conforming States Strategy

- **Advisory Council Committee** to address the process of establishing membership, workflow issues and coordination issues

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Questions?

www.streamlinedsalestax.org

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