



## Executive Committee Task Force on State and Local Taxation

May 30, 2014

Anchorage, Alaska

### Meeting Summary

#### **Committee Members Present:**

**Vice Chair:** Sen. Deb Peters, South Dakota

**Members:** Assemblywoman Irene Bustamante Adams, Nevada; Rep. Janet Ancel, Vermont; Rep. Joe Atkins, Minnesota; Sen. Don Balfour, Georgia; Sen. Dwight Cook, North Dakota; Sen. Wayne Harper, Utah; Rep. Jay Kaufman, Massachusetts; Rep. Brian Kennedy, Rhode Island; Rep. Kelly Linck, Arkansas; Sen. Ellen Roberts, Colorado; Sen. Ryan Silvey, Missouri; Rep. Eric Turner, Indiana; Esther Van Mourik, Colorado

#### **Marketplace Fairness Act**

Joe Rinzel of the Retail Industry Leaders Association (RILA) and Max Behlke of the National Conference of State Legislatures (NCSL) provided an update and discussed the status of the Marketplace Fairness Act in Congress, which would enable states the ability to collect the sales and use taxes they are owed on remote transactions. They noted that Utah Congressman Jason Chaffetz is currently working on a draft bill that addresses the concerns of House Judiciary Chairman Bob Goodlatte and is expected to be ready for when Congress returns from its recess in September. They also commented that while it is unlikely for Congress to consider and pass e-fairness legislation before the November election, they believe it will be one of notable pieces of legislation considered during the Lame Duck session of Congress in November and December.

#### **Streamlined Sales Tax Governing Board**

Craig Johnson, Executive Director of the Streamlined Sales Tax Governing Board, and South Dakota State Senator Deb Peters, Vice President of the Governing Board, updated the Task Force on the recent Governing Board in Columbus, Ohio. Among other discussions, they said that Mike Jerman, Legislative Director for Congressman Chaffetz, attended the Governing Board meeting and discussed the draft legislation that Congressman Chaffetz is working on to address the online sales tax issue.

#### **Expansion of Sales Tax to Services**

This session will continue the discussion from the November Task Force meeting concerning how the expansion of the sales tax would affect states. Scott Wiley of the Ohio Society of CPAs and Fred Nicely of the Council on State Taxation (COST) explained to the

task force that while many states have considered expanding the sales tax to services, it is very hard to do so. They explained that expanding the sales tax is very difficult politically and creates an administrative nightmare for industries that before had not had to collect such taxes, including many small businesses.

### **Tax Administration**

Fred Nicely of the Council on State Taxation (COST) discussed the issues concerning property tax administration of businesses and the findings of the recent COST scorecard as a basis.

### **Property Tax of Telecommunications**

This panel, consisting of Roy Adkins, Centurylink, Deborah Bierbaum, AT&T, Todd Lard, Sutherland, and Scott Mackey, KSE Partners, provided the Task Force with an overview of communications property taxes, discussed recent litigation on the issue, and highlighted state efforts to modernize their property tax systems.

### **Tax Expenditure Reports**

This task force roundtable continued the discussion of the Task Force's Tax Expenditure Report Working Group that has worked on developing a set of principles for states to consider for their tax expenditure reports. After an hour long discussion, the task force agreed to continue work on the document and to consider a completed draft at the upcoming meeting in Minneapolis in August.

### **Real Time Sales Tax Collection**

The task force continued the discussion of the issue of daily remittance of sales taxes, or the requirement that sales taxes be remitted to the proper jurisdictions at the time of the transaction. This session focused on whether technology currently exists to execute daily remittance and what the costs and benefits of building such system would be.

### **Legislator Roundtable/Business Meeting**

Since its creation in 1999, the Task Force on State and Local Taxation has been instrumental in the creation of the Streamlined Sales and Use Tax Agreement, has been at the forefront of e-fairness on Capitol Hill and has considered a variety of other state and local taxation issues. In this session, the task force considered recent activity in the state tax arena and considered issues for future discussion.