



**EXECUTIVE COMMITTEE TASK FORCE ON STATE AND LOCAL TAXATION**

**TASK FORCE MEETING  
NOVEMBER 22-23, 2013**

**THE TURNBERRY ISLE HOTEL  
AVENTURA, FLORIDA  
AGENDA**

**Friday, November 22**

**1:00 pm – 5:30 pm**

*Turnberry Isle Hotel  
Ballroom II*

**Task Force Meets**

**1:00 – 1:05 pm**

**Welcome**

- Sen. Pam Althoff, Illinois, Co-Chair
- Del. Sheila Hixson, Maryland, Co-Chair

**1:05 - 1:45 pm**

**Task Force 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 will review its history and consider issues for future discussion.

**Panelists:**

- Del. Sheila Hixson, Maryland, Co-Chair
- Sen. Pam Althoff, Illinois, Co-Chair
- Sen. Deb Peters, South Dakota, Vice-Chair
- Neal Osten, NCSL

**1:45 – 2:30 pm**

**Real-Time Sales Tax Collection: Reality or Myth?**

This session will discuss whether technology exists and what the costs and benefits of building such system would be.

**Panelists:**

- Kathy Neggors, General Electric,
- Fred Nicely, COST
- Pat Reynolds, JCPenney

2:30 – 3:15 pm

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

Recently, several states have begun expanding their sales taxes to services. Proponents believe that the expansion is necessary to maintain the sales tax as a viable revenue stream, given the shift from a goods-based economy to a service-based economy. However, opponents posit that expanding the sales tax to services is too complicated to administer, creates a competitive disadvantage for the state (compared to other states that do not tax services) and discriminates against small businesses. This session will examine the issue and the pros and cons of expanding the sales tax to services.

#### **Panelists:**

- Karl Frieden, Council on State Taxation
- Joe Henchman, Tax Foundation

3:15 – 3:45 pm

### **Taxation and Auditing of Mixed Beverages**

#### **Panelists:**

- John Kroll, HRWK

3:45 – 4:15 pm

### **Understanding Economic and Revenue Volatility**

As states move through a slow and uneven economic recovery, policymakers are considering how to better weather the ups and downs of the economic cycle. The uncertain economic outlook, evolving federal fiscal policy, and continued volatility in state revenues show why states must act now to improve their existing budget policies to minimize the severity of actions that may be necessary during the next economic downturn. This presentation will focus on measuring and understanding economic and revenue volatility and developing fiscal management policies that address state-specific drivers of this fluctuation.

#### **Panelist:**

- Robert Zahradnik, PEW

4:15 – 5:00 pm

### **Effects of Illicit Trade on State and Local Governments**

Illicit trade is defined as any practice or conduct prohibited by law which relates to or facilitates the production, shipment, receipt, possession, distribution, sale, or purchase of defined products. Such trade undermines policy objectives of federal and state governments and results in evasion of taxation and an increase in the availability of these products to consumers on the black market. This session will examine the impact of illicit trade and possible actions to limit its practice.

#### **Panelists:**

- Jack Stohlman, Lilly
- Tom Lesnak

5:00 – 5:30 pm

### **State Implementation of Federal Benefits Regarding Same Sex Marriage**

In June of 2013, the U.S. Supreme Court issued two decisions that allowed same-sex couples to take advantage of several federal tax benefits, which has created uncertainty for the tax treatment of the same-sex couples. As a result, the 24 states that do not recognize same-sex marriage but require taxpayers to reference the federal tax return when filling out their state tax form now need to issue guidance on how to prepare their state returns. This session will explore the impact of the Supreme Court rulings and the options for states that do not currently recognize same-sex marriage.

**Panelist:**

- Joe Henschman, Tax Foundation

6:00 pm – 9:00 pm

**Task Force Reception/Dinner**

**Morton's Steakhouse - North Miami**  
17399 Biscayne Blvd  
N. Miami, FL 33160

*For Task Force Members and Task Force Sponsors  
Transportation will be provided*

**Saturday, November 23**

7:15am –12:30 pm  
*Turnberry Isle Hotel  
Ballroom II*

**Task Force Meets**

7:15 – 8:00 am

**Breakfast**

8:00 – 8:45 am

**Marketplace Fairness Act**

Update and discussion 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.

**Panelists:**

- Steve Kranz, McDermott, Will and Emery
- Joe Crosby, Multistate Associates
- Max Behlke, NCSL

8:45 – 9:30 am

**Streamlined Sales Tax (SST) Governing Board Update**

Senator Wayne Harper will provide a report of the Streamlined Sales Tax Governing Board Annual Meeting held in Madison, Wisconsin October 28-30. Senator Harper will also report on the Governing Board's discussion of implementing the Marketplace Fairness Act as well as its activity on Capitol Hill. Deborah Bierbaum, AT&T, will also provide the update of the Business Advisory Council (BAC).

**Panelist:**

- Senator Wayne Harper, Utah; President, SST Governing Board
- Deborah Bierbaum, AT&T

9:30 – 9:45 am

### **Multistate Tax Commission Update**

MTC leadership will give a report on the activity of the MTC and will provide task force members an opportunity to discuss concerns of state legislators. There will also be discussion on the MTC's missions and goals as well as an update on the Uniform Division of Income for Tax Purposes Act (UDITPA).

#### **Panelists:**

- Commissioner Bruce Johnson, Utah State Tax Commission
- Steve Kranz, McDermott, Will and Emery

9:45 – 10:00 am

### **Break**

10:00 – 10:45 am

### **Equipment Exemptions for Communications**

#### **Panelists:**

- Ellen Berenholz, Comcast
- Roy Atkins, Centurylink

10:45 – 11:15 am

### **State Tax Expenditure Reports- Principles**

The primary goal of state tax expenditure reports (or budgets) is to provide information to the public and policymakers about preferential tax provisions that reduce overall tax revenue. Proponents of these reports laud them as a critical tool to understand and improve state tax systems. Critics contend, however, that state tax expenditure reports provide inaccurate and misleading information, particularly with regard to business taxes. This session will continue the task force's discussion of expenditure reports that took place in Atlanta.

#### **Panelists:**

- Joe Crosby, Multistate Associates

11:15 – 12:00 pm

### **Impacts on State Municipal Finance**

Tax-exempt municipal finance is a tool used by state and local policy makers to finance public purposes and is used on a conduit basis through state and local entities to assist non-profits such as hospitals and colleges and certain for-profit entities like mid-sized manufacturers and family farmers. This session will examine the impact of changing tax exempt municipal finance on the state and local levels.

#### **Panelists:**

- Chris Meister, Executive Director, Illinois Finance Authority
- Harry Huntley, South Carolina Finance Authority (invited)

THE NEXT MEETING OF THE STATE AND LOCAL TAXATION TASK FORCE  
IS TENTATIVELY SCHEDULED FOR MAY 29-30, 2014 IN ANCHORAGE,

ALASKA IN CONJUNCTION WITH THE SPRING NCSL EXECUTIVE  
COMMITTEE MEETING.