

Streamlined Sales Tax Update 2006 FTA Annual Meeting

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Governing Board

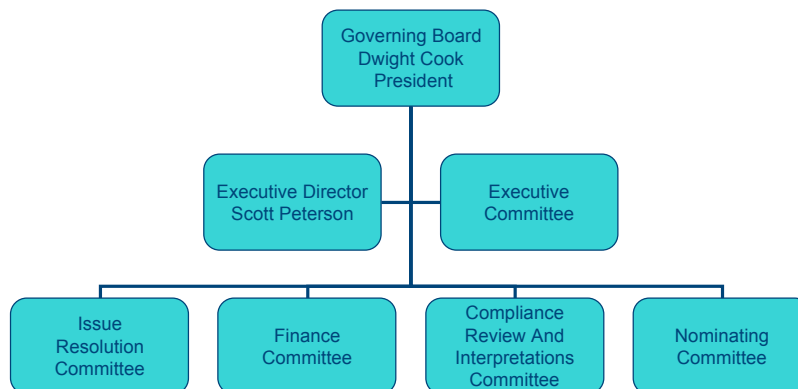
Status, Direction and Next Steps

- **Current status.**
- **Certification and CSPs.**
- **Next Steps.**

Current Status

- 13 states in substantial compliance.
- 6 states did enough to qualify as associate members.
- Elected Officers and Directors.
 - President is North Dakota Senator Dwight Cook.
- Appointed standing committees.
 - Compliance Review and Interpretations.
 - Finance.
 - Nominating.
 - Issue Resolution.

Current Status



Current Status

- Approved Bylaws.
- Approved operating rules.
- Incorporated in Indiana.
- Created and implemented a national central registration system.
- Hired an executive director.
- Adopted interim budget and first fiscal year budget.
- Established state dues.
- Recognized a Business Advisory Council.
- Established the State and Local Advisory Council.

Certification progress

- CSP certification process started in February 2005 and ended in April 2006.
- Certification process included:
 - On site review of security.
 - Analysis of internal controls.
 - Analysis of financial capacity and stability.
 - Review of tax decision rules used by each company.
- Analyzed 7 companies and eventually certified 3.
- Signed contracts with 2 companies on May 5 and expect to sign contract with third company soon.

Certification Progress

- Adopted rules to govern future certification process.
- Amended SSUTA to require that states evaluate certified companies and provide liability relief following evaluation and certification.
- Established “testing central” to coordinate the on-going certification process.

Recent policy actions

- Adopted four interpretations of provisions in the Streamline Agreement.
 - Whether amnesty was available to someone that had collected the tax.
 - When someone was considered registered under the Agreement.
 - How to source the first payment on a lease.
 - What does it mean when utensils are provided with prepared food.

Recent policy actions

- Negotiated the compensation paid to CSPs.
 - CSP allowed to retain a percentage of the tax collected by sellers who meet the definition of a volunteer.
 - CSP compensation starts at 8% of the first \$250,000 in tax per seller and declines to 2% of the tax in excess of \$25 million.
 - A volunteer is a seller that has registered on the Streamlined registration system and does not have nexus, or if registered after November 2002, has less than \$50,000 in property and \$50,000 and payroll in a state without a fixed place of business.

Recent policy actions

- Allow states to have a different state tax rate on items Congress prohibits local governments from taxing.
- Modified the definition of “state” to allow Puerto Rico to join.
- Extended the date by which states must apply destination sourcing to sales made by florists.
- Added several telecommunication definitions.

Next Steps

- Additional members:
 - Vermont will soon submit a petition for membership.
 - Another state and Puerto Rico have introduced legislation.

Next Steps

- Administrative actions:
 - Hire two additional staff around July 1.
 - Issue an RFP for the development of a new website.
 - Start the next round of software certification.

Next Steps

- Policy issues:
 - Digital goods definition.
 - Bundling rules.
 - Multiple points of use.
 - Converting issue papers into rules.
 - Audit procedures.

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Questions?

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