At its July 2008 meeting, the subcommittee reviewed three models for the administration of state and local telecommunications taxes prepared by the drafting group. Proposal I could apply in states where tax imposition and administration are solely at the state level. Proposal II could apply in states where there is local authority to impose tax, but required administration at the state level. Proposal III could apply in states where authority to tax as well as centralized administration is at the local level. The subcommittee directed the drafting group to concentrate on further development of Proposal II first, and further directed that staff invite local governmental organizations to participate in this project.

The drafting group prepared a policy checklist for the subcommittee’s review at its November 2008 meeting (see attached). However, the subcommittee did not take up the checklist due to its discussion with the four local governmental organizations that participated in the meeting, during which the representatives expressed concern over the subcommittee’s decision to take up this project, and further questioned the value of proceeding with it. Two organizations expressed a willingness to work with the Commission on this project. Two others indicated they would need to check with their organizations. In February 2009, staff heard from local representatives asking whether the subcommittee intended to continue with this project despite the concerns expressed at the November meeting. Staff responded that their concerns were relayed to the Executive Committee, but since Executive Committee has not given the Uniformity Committee further direction concerning its work on this project, the Committee will continue development of the current proposal (Proposal II). To date, no further response has been received from the local governmental organizations.
1. Tax Collection Responsibility
   a. Revenue Agency, IL, UT, VA

2. Administration
   a. Create new administrative procedures?
   b. Employ existing procedures?
      i. Collection procedures for transaction-based taxes generally? (UT)

3. Segregation of Funds; Depository
   a. Establish separate account for taxes collected:
      i. Interest-bearing?
         1. Who is entitled to interest?
      ii. Non-interest bearing?
   b. Account Oversight and Maintenance
      i. State revenue agency?
      ii. Other agency (Treasury, Secretary of State)?
         1. Assumes revenue agency responsible for allocation to local jurisdictions (see below)

4. Distribution of funds to local jurisdictions
   a. Allocation
      i. Formula? VA, FL
      ii. Actual Collections? IL
   b. Remittance schedule? (monthly appears most common)
      i. Assume remittance via EFT?

5. Reimbursement of Administrative Costs
   a. Actual expenditures?
   b. Percentage of collections? KY
   c. Frequency? (monthly appears most common)