I. Welcome and Introductions

The following persons attended the meeting, either in person or by telephone, of the Sales/Use Tax Subcommittee meeting.

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<thead>
<tr>
<th>Name</th>
<th>State or Affiliation</th>
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<tbody>
<tr>
<td>Michael Mason</td>
<td>AL</td>
<td>Todd Lard</td>
<td>COST</td>
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<td>Charles Wilson</td>
<td>DC</td>
<td>Dan Robillard</td>
<td>Expedia</td>
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<td>Ted Spangler¹</td>
<td>ID</td>
<td>John Allen</td>
<td>Jones Day</td>
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<td>Richard Cram²</td>
<td>KS</td>
<td>Ferdinand Hogroian</td>
<td>PWC</td>
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<td>Michael Fatale</td>
<td>MA</td>
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<td>Wood Miller³</td>
<td>MO</td>
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<td>Lennie Collins</td>
<td>NC</td>
<td>Joe Huddleston</td>
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<td>Darrell Enger</td>
<td>ND</td>
<td>Shirley Sicilian</td>
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<td>Rebecca Abbo</td>
<td>NM</td>
<td>Roxanne Bland</td>
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<td>Brandon Seibel</td>
<td>SD</td>
<td>Elliott Dubin</td>
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<td>Nancy Prosser</td>
<td>TX</td>
<td>Harold Jennings</td>
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<td>Andrew Glancy</td>
<td>WV</td>
<td>Les Koenig</td>
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<td>Scott Peterson</td>
<td>SSUTAGB</td>
<td>Sheldon Laskin</td>
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1. Chair Uniformity Committee
2. Chair Sales/Use Tax Subcommittee
3. Chair Income/Franchise Tax Subcommittee

II. Public Comment Period

There was no public Comment.

III. Reports and Updates
Roxanne Bland, MTC Counsel, updated the members on federal issues affecting state taxation.

- **Streamlined Sales Tax**

Ms. Bland informed the members that although no legislation has been introduced as yet, the Streamlined Sales Tax Governing Board’s legislative consultants are working to sign up cosponsors.

- **Cell Phone Tax Moratorium**

Ms. Bland noted that legislation will be reintroduced later this year.

- **H.R. 1019, State Video Tax Fairness Act**

Legislation was introduced on February 12, 2009. The Act prohibits state and local governments from imposing discriminatory taxes on electronic distribution of movies and games. Non-electronic channels of distribution are not affected.

- **Mobile Telecommunication Sourcing Act for VoIP**

The House Subcommittee on Commercial and Administrative law has scheduled a hearing on March 31, 2009. No legislation has been introduced.

- **S. 43 Permanent Internet Tax Freedom Act of 2009**

Legislation was introduced on January 6, 2009. Given the current economic crisis, it is unlikely that this bill will move this year.

### IV. Telecommunications Transaction Administration Project

Ted Spangler (ID) explained that the Executive Committee referred this project to the Uniformity Committee after presentations by industry representatives on the heavy burden placed upon service providers to comply with the various taxes and fees imposed on telecommunications services by state and local governments.

Ms. Bland said that of the four local government organizations that attended the subcommittee’s November 2008 meeting, representatives of two of those organizations indicated that they would be willing to work with the MTC on this project, but later indicated that they could not do so. Richard Cram (KS) informed the subcommittee that Kansas Secretary of Revenue Joan Wagnon will be working closely with Senator Enzi (R-Wyo.) and his staff to advance the proposed Streamlined legislation in the Senate. Mr. Cram further noted that the legislation requires state telecommunications tax reform to be in place by January 1, 2012.

Scott Peterson, Executive Director of the SSUTA Governing Board addressed the subcommittee regarding SST and telecommunications tax reform. He told the members of
the committee that industry saw an opportunity to achieve uniformity in taxation through SSUTA which the could not achieve on a state by state basis. The wireless companies showed a spreadsheet with all the taxes they paid (primarily 911 fees) to the SSUTA Governing Board. The Governing Board decided to move on this project. Mr. Peterson relayed some of the industry positions to the members of the subcommittee:

- The telecommunications companies are not trying to spread the VA and FL models of administration to other states.
- Local rights-of-way fees are a sticking point
- As of now, franchise fees are “off the table”
- The Governing Board and the telecommunications industry representatives agreed that MTC is the proper venue for this project because MTC does model regulations well.

Joe Huddleston, MTC Executive Director, asked Mr. Peterson if the current COMCAST case in TN has helped or hurt this project. Scott replied that he really did not know the answer to that question; and, further, the federal regulations are unclear as to what simplification actually means. Ted Spangler opined that this project must now be coordinated with MTC’s Executive Committee, telecommunications service providers, and the SSUTA Governing Board.

Mr. Spangler moved that the Subcommittee convey to the Executive Committee that the Subcommittee needs their guidance regarding this project. This motion carried unanimously.

V. Accommodations Intermediaries Project

Ms. Bland walked the subcommittee through the changes made by the subcommittee at the November 2008 meeting. The language of the draft model allows the states to set the number of days of occupancy that the state considers transient. Ted Spangler opined that this would result in nonuniformity.

Some members pointed out that some states do not include examples in their statutes. Shirley Sicilian stated that the model examples could be used in a model regulation in states where that would be appropriate.

The text of the example was reworded to match the example table.

John Allan of Jones-Day said that the language of the draft model statute does not contain compliance language – specifically language relating to the event if the customer does not stay in the room. There was some discussion relating to the circumstance where a customer does not cancel the reservation and does not stay in the room.

Mr. Spangler moved that the Subcommittee report to the full Committee with the recommendation that the Full Committee move this model statute for Executive Committee’s approval for public hearing. The motion carried unanimously.
VI. Conformity of MTC Model Statutes and Regulations to Streamlined Sales and Use Tax Agreement

A. Model Guideline on Applicability of Sales and/or Use Tax to Sales of Computer Software

Ms. Bland reminded the subcommittee that this guideline should be considered policy statements and not model statutes. States need not adopt policy statements as regulations, guidelines, or statutes. If the Commission repealed these policy statements, the states could retain this language.

By consensus, the subcommittee decided to delay further review of the guideline in order to give staff sufficient time to contact the signatory states to determine the impact (if any) on their state regulations/statutes.

B. Telecommunications Taxes

The subcommittee determined that this model guideline should be reviewed and amended, but that subcommittee members should be given time to discuss the white paper submitted by industry representatives in their respective states.

VII. New Business

There was no new business brought before the Subcommittee.

VIII. Adjournment

Mr. Spangler moved that the Subcommittee adjourn. The meeting was adjourned at 5:00 P.M. CST.