



Iowa Department of
REVENUE



**IOWA STREAMLINED
SALES TAX
ADVISORY COUNCIL**

2018 Report to the Iowa General Assembly

February 1, 2019

Council Created; Council Charge

In 2003, House File 683, Section 204 created the Iowa Streamlined Sales Tax Advisory Council. (Please see Appendix A for a list of members as of 11/20/18). The Streamlined Sales Tax Advisory Council was codified in statute at Iowa Code §423.9A in 2006. The Council reviews, studies, and submits recommendations regarding the Streamlined Sales and Use Tax Agreement (SSUTA).

Meetings

The Council met one time this year, on November 20, 2018. The meeting was held at the Iowa Department of Revenue in the Hoover State Office Building in Des Moines. Members were also able to participate remotely by telephone. Various issues were discussed at the meeting. A copy of the 2018 meeting agenda is attached to this report as Appendix B and minutes of the meeting are attached as Appendix C. This information may also be viewed at: http://www.iowa.gov/tax/taxlaw/SLSTmeeting_agenda_minutes.html.

Table of Contents

Significant Developments	2
Appendix A—Council Members	4
Appendix B—2018 Meeting Agenda.....	6
Appendix C—2018 Meeting Minutes.....	8
Appendix D—Amended SSUTA Language.....	14

Significant Developments

2018 Tax Reform

The Department reviewed with the Council four key changes in sales tax law following passage of Senate File 2417 (2018): The expansion of collection obligations to include remote sellers and marketplace facilitators; the expansion of the tax base to include taxation of specified digital products and various new services; clarification and conformation of sourcing requirements for all taxable sales sourced to Iowa, including the elimination of mixed-origin sourcing; and miscellaneous changes to increase uniformity and consistency throughout law. The Department also discussed the expected increase in state and local revenue from sales tax as a result of Senate File 2417 and the leveling of the playing field for in-state businesses that previously had sales tax collection obligations in Iowa.

U.S. Supreme Court Decision in *Wayfair v. South Dakota*

On June 21, 2018, three weeks after Governor Reynolds signed Senate File 2417 into law, the United States Supreme Court rendered its decision in the much-anticipated case *Wayfair v. South Dakota*, which did away with the physical-presence sales tax nexus standard established nearly thirty years prior in the 1992 case *Quill Corporation v. North Dakota*. In light the expansion of sales by out-of-state, or “remote,” sellers on the internet over the last two decades, the *Quill* standard left in-state brick-and-mortar businesses at a competitive disadvantage; customers could purchase products online tax free, but had to pay tax on in-person sales.

In overturning *Quill*, the *Wayfair* Court paved the way for states to tax remote sales. While the Court remanded the case back to the district court to determine whether South Dakota’s nexus requirements were constitutional under the

Dormant Commerce Clause, the Court strongly suggested it was, pointing to South Dakota's membership in SSUTA as a major factor. This bodes well for Iowa, with nexus requirements for remote sellers effective January 1, 2019 that are identical to those lauded in *Wayfair*.

Having given remote sellers nearly a year to implement Senate File 2417's changes, and with equitable and balanced nexus requirements likely to withstand any constitutional challenges, Iowa remains in an excellent position to continue its collection of sales tax from remote sellers. The Department continues to monitor proposals in Congress to abrogate or substantially limit the *Wayfair* decision, but such efforts to date have been unsuccessful.

Amendment to the SSUTA—Selective Registration

In November 2018, the SSUTA Governing Board adopted amendments to the Agreement that would permit Streamlined sellers to select which states in which they would like to register through use of the central registration system. Previously, any sellers who registered through the central registration system were required to become registered in every state belonging to the Agreement. A copy of the amendments can be found in Appendix D.

New SSUTA Website is Live

SSUTA recently launched a significant update to its website, improving accessibility. It can be found here: <https://www.streamlinedsalestax.org/home>

APPENDIX A

Council Members

IOWA STREAMLINED SALES TAX ADVISORY COUNCIL
Members on November 20, 2018

Courtney Kay-Decker, Chair
Iowa Department of Revenue
Des Moines, IA

Senator Randy Feenstra
Iowa State Senate
Des Moines, IA

Representative Guy Vander Linden
Iowa State House of Representatives
Des Moines, IA

Michelle Hurd
Iowa Grocery Industry Association
Des Moines, IA

Bill Brown
Davis, Brown, Koehn, Shors & Roberts PC
Des Moines, IA

Jim Henter
Iowa Retail Federation
Urbandale, IA

Michael Rubino
Deere & Company
Moline, IL

Dick Koberg
Dica Marketing
Panora, IA

Dale Busacker
Grant Thornton
Minneapolis, MN

Don Brown
Cargill
Eddyville, IA

Matt Everson
NFIB/Iowa
Des Moines, IA

Chris Theisen
Theisen's Home-Farm-Auto Stores
Dubuque, IA

Mike Ralston
Iowa ABI
Des Moines, IA

Warren D. Townsend
Walmart Stores, Inc.
Bentonville, AR

Melissa Smith
Amazon
Seattle, WA

Dave Krutzfeldt
Interpower Corporation
Oskaloosa, IA

Tom Sands
Iowa Taxpayers Association
Des Moines, IA

Monti Miller (unable to contact)
The Learning Post
Des Moines, IA

APPENDIX B

2018 Meeting Agenda

AGENDA
STREAMLINED SALES TAX ADVISORY COUNCIL

November 20, 2018
1:30PM
Hoover Building, #430

- 1) 2018 Reform - Sales Tax Provisions
- 2) Wayfair Summary
- 3) Rulemaking Status
- 4) Guidance to Date
- 5) Recent Streamlined Activities and Upcoming Governing Board decisions

APPENDIX C

2018 Meeting Minutes

MINUTES
STREAMLINED SALES TAX ADVISORY COUNCIL

November 20, 2018
1:30PM to 2:45PM
Hoover Building, #430

Present: Hollie Welch, Adam Humes, Alana Stamas, Courtney Kay-Decker, Dave Krutzfeldt, Jim Henter, Logan Shine, Matt Everson, Mike Ralston, Tim Reilly, Tom Sands

Via Phone: Bill Brown, David Brunori, Michael Rubino, Chris Theisen, Dale Busacker

Not Present: Dick Koburn, Michelle Hurd, Don Brown, Naval Tandon, Melissa Smith, Warren Townsend, Monti Miller (unable to contact, no viable information)

Introduction

- Streamlined Sales Tax Governing Board—March 2000
- June 2003, HF 683 passed legislation that enabled Iowa to enter streamlined sales and use tax agreement
- Iowa became a full member October 1, 2005

Purposes of Streamlined: simplify and modernize sales and use tax administration in order to substantially reduce the burden of tax compliance—10 ways Streamlined seeks to do that:

- State level administration of sales and use tax collections.
- Uniformity in the state and local tax bases.
- Uniformity of major tax base definitions.
- Central, electronic registration system for all member states.
- Simplification of state and local tax rates.
- Uniform sourcing rules for all taxable transactions.
- Simplified administration of exemptions.
- Simplified tax returns.
- Simplification of tax remittances.
- Protection of consumer privacy.

1) 2018 Reform - Sales Tax Provisions, Signed by Gov. Reynolds May 30, 2018

- Not talking income or corporate tax, but important to note: increased sales tax revenue used to help pay for income tax reductions, reform, and federal conformity

- In other words: decision that it is better to equalize tax collection and treatment, and use that revenue to help reduce income taxes, than to continue incentive out of state sellers or persons selling digital products
- Sales tax changes in 4 categories
- First, expand who has to collect Iowa sales tax
 - Remote seller—based on SD law
 - Marketplace facilitator laws--based in part on WA state marketplace legislation passed in 2017
 - Require online marketplaces (eBay, Amazon, Etsy, etc.) to collect on behalf of the sellers using the platform
 - These provisions are not from Streamlined itself—but these really relate to the end goal of Streamlined—create enough simplification and uniformity that it is fair to require out of state sellers to collect Iowa sales tax
 - In the future, we need Streamlined to better account for marketplace facilitator laws
- Second, base expansion
 - Mostly items added to the base were products taxed when sold in physical form, but exempt when sold digitally
 - Digital products and services
 - Music services, that overtook CDs
 - Movies and games, i.e. purchased through Amazon, Apple, Google
 - e-Books
 - Created business input exemption for software, specified digital products, and new digital services
 - Taxed a few items that largely fell through other cracks--personal transportation service (would tax at state plus local if rented a large vehicle that could carry many passengers and would tax at sales tax plus excise tax if rented vehicle) & photography (taxed, but certain services may not be tax and no tax on digitally-delivered photos).
 - Connection to Streamlined:
 - Specified digital products—Streamlined uniform definition
- Expanded who had to collect and expanded a bit the sales subject to tax must be collected, third—if have to collect, collect sales tax and LOST—the same as Iowa-based retailers
 - Again, equalization between in-state and out-of-state sellers
 - Equal treatment regardless of delivery method or use of common carrier
 - Fulfillment of one of the tenets of Streamlined: Uniform sourcing rules for all taxable transactions
 - Prior, Department had a mix of guidance and authority--mixing origin sourcing with destination sourcing

- Clear going forward: following Streamlined sourcing rules and applying Iowa sales tax and LOST where sale is sourced
 - First, point of sale if purchase at business
 - Second, where customer receives product (i.e. delivery)
- Fourth, other uniformity and consistency of streamlined definitions
 - Bundled transactions—updated definition
 - When is a sale a sale of two or more distinct items? If don't itemize, and part of it is taxable, tax the entire transaction.
- Result of SF 2417
 - Increased sales tax revenue will result in an increase in SAVE, school infrastructure funding (current 1/6 of sales tax collect)
 - Expanded collection obligation and base to include mostly stuff that isn't sold at a business location
 - Sourced largely to customer's delivery address
 - Positive development for LOST wherever it applies collect in rural counties
 - Clear obligation to collect LOST
 - Counties that don't have big box stores will still receive LOST revenue from purchases of consumer electronics, clothing, entertainment, etc.
- Further improvement: uniform state rate with money distributed to local jurisdictions another way

2) *Wayfair* Summary

Three weeks later... *Wayfair v. South Dakota*, June 21, 2018

- Previous rule: physical presence rule
 - Before can require retailer to collect a state's sales tax, the business must have physical presence in the state (i.e. property, employees, agents, etc. in Iowa)
 - By time of *Wayfair*, this "physical presence" requirement was a restriction specific to sales tax
 - Result: Iowa could require Redekers in Boone, IA to collect sales tax on furniture, but could not require *Wayfair* to collect Iowa sales tax—even though *Wayfair* is about a fortune 500 company collecting sales tax in all jurisdictions where it had a warehouse, etc.
- *Wayfair* decision: overturned the physical presence rule
 - Instead, sales tax laws will be measured by the same dormant commerce clause standard that applies to other state taxes: (1) apply to an activity with a substantial nexus with taxing state, (2) fairly apportioned, (3) do not discriminate against interstate commerce, and (4) fairly related to services the state provides
 - Court strongly suggested SD's law would satisfy dormant commerce clause:
 - Found that plaintiffs (large internet retailers) had substantial nexus with SD

- Small seller exception
 - Court specifically pointed to SD’s membership in Streamlined Agreement as standardizing and reducing administrative and compliance costs
- Gorsuch
 - Physical presence rule = “judicially created tax break for out-of-state internet and mail-order firms at the expense of in-state brick and mortar rivals.”
 - “Courts have no authority to construct a discriminatory tax shelter like this.”
 - 1 week later, Overstock.com, one of litigants, basically confirmed this
 - Announce it would collect sales tax everywhere right away
 - Removal of physical presence rule basically freed the company to invest anywhere the made business sense—not dependent on sales tax collection considerations
- Tax Foundation: *Wayfair* Checklist—issued in August 2018
 - Safe harbor
 - No retroactive collection
 - Single state level administration of all sales taxes
 - Uniform definitions of products and services
 - Simplified tax rate structure
 - Access to tax administration software
 - Immunity for sellers who rely on software
- Iowa’s remote seller law: that part of the statute is identical to SD’s
 - Starts 1/1/19—reason to time for retailers to get ready, starts in the future (no retroactive collection)
 - Iowa is a streamlined member:
 - Sales tax administered only by IDR
 - Uniformity of certain terms and other simplification
 - Result: Iowa is a good position to begin collection sales tax from out of state retailers on 1/1/19
 - Tax Foundation: in August 2018 listed Iowa as just 1 of 11 states that satisfied the entire “*Wayfair* checklist”—in the strongest position to require sales tax collection
- Important: *Wayfair* = achievement one of the purposes of Streamlined—reduce the compliance burdens so that states could lawfully require out of state sellers to collect without imposing undue burdens
 - But SF 2417 was not entirely dependent on *Wayfair*
 - Biggest companies collecting new sales tax base = physically present in Iowa
 - Use tax notice and reporting provisions—to compel out of state companies sales tax collection instead of complying with use tax reporting obligations
 - Marketplace laws—marketplace collection, largest marketplaces

3) Rulemaking Status

Mr. Sands inquired about the rules being renumbered, as well as regarding the destination/where items received.

Website Links:

Remote Sellers

Marketplace Facilitators

Wayfair

Mr. Henter had a question regarding selling to six (6) other states. Mr. Ralston commented the website had good information.

4) Guidance to Date

Request for Guidance Link:

5) Recent Streamlined Activities and Upcoming Governing Board decisions

New Streamlined Sales Tax Website: 52.15.48.162/home

Mr. Krutzfeldt - Avalara, economic nexus (what if seller exceeds - 30 days), catch in audit, business to business, winery?

Mr. Ralston - tent sale, MTC Tiered

Mr. Sands - number stalled, no "big" states, "burger" example, has many concerns, any updated Streamlined Language, coupling questions

Mr. Henter - good feedback, what did IA pass

Mr. Busaker - grace period appreciated, law changes anticipated?

APPENDIX D

Amended SSUTA Language

An amendment to the various sections of the Agreement by Kentucky and Nebraska to allow sellers to select which states they want to register in by utilizing the central registration system provided under this Agreement.

Section 102: FUNDAMENTAL PURPOSE

It is the purpose of this Agreement to simplify and modernize sales and use tax administration in the member states in order to substantially reduce the burden of tax compliance. The Agreement focuses on improving sales and use tax administration systems for all sellers and for all types of commerce through all of the following:

- A. State level administration of sales and use tax collections.
- B. Uniformity in the state and local tax bases.
- C. Uniformity of major tax base definitions.
- D. Central, electronic registration system ~~for all member states~~.
- E. Simplification of state and local tax rates.
- F. Uniform sourcing rules for all taxable transactions.
- G. Simplified administration of exemptions.
- H. Simplified tax returns.
- I. Simplification of tax remittances.
- J. Protection of consumer privacy.

Section 203: CERTIFIED SERVICE PROVIDER (CSP)

An agent certified under the Agreement to perform ~~all~~ the seller's sales and use tax functions as outlined in the contract between the Streamlined Sales Tax Governing Board and the Certified Service Provider, other than the seller's obligation to remit tax on its own purchases.

Section 205: MODEL 1 SELLER

A seller registered under the Agreement that has selected a CSP as its agent to perform ~~all~~ the seller's sales and use tax functions as outlined in the contract between the Streamlined Sales Tax Governing Board and the Certified Service Provider, other than the seller's obligation to remit tax on its own purchases.

An amendment to the various sections of the Agreement by Kentucky and Nebraska to allow sellers to select which states they want to register in by utilizing the central registration system provided under this Agreement.

Section 211: REGISTERED UNDER THIS AGREEMENT

Registration by a seller ~~with the member states~~ under the central registration system provided in Article IV of this Agreement.

Section 303: SELLER REGISTRATION

Each member state shall participate in an online sales and use tax registration system in cooperation with the other member states. Under this system:

- A. A seller registering under the Agreement ~~shall be registered in each~~ of the ~~member~~ states may register in one or more shall be registered in each of the member states utilizing the central registration system provided in Article IV of this Agreement.
- B. A certified service provider may require a seller registering under the Agreement, as a condition of receiving CSP services, to register in all of the full member states.
- ~~A. A model 2, model 3, or model 4 seller may elect to be registered in one or more states as a seller which anticipates making no sales into such state(s) if it has not had sales into such state(s) for the preceding 12 months. Such election does not relieve the seller of its agreement pursuant to Section 401 (B) to collect taxes on all sales into such states or its liability for remitting to the proper states any taxes collected.~~
- B.C. The member states agree not to require the payment of any registration fees or other charges for a seller ~~to register~~ ing through the central registration system in a state in which the seller has no legal requirement to register.
- ~~C.D.~~ A written signature from the seller is not required.
- ~~D.E.~~ An agent may register a seller under uniform procedures adopted by the member states.
- E.F. A seller may cancel its registration under the system at any time under uniform procedures adopted by the Governing Board. Cancellation does not relieve the seller of its liability for remitting to the proper states any taxes collected.
- ~~F.G.~~ Nothing in this section shall be construed to relieve a seller of any legal obligation it may have under a state's laws to register in that state or its obligation to collect and remit taxes for at least thirty-six months in a state and meet all other requirements for amnesty set out in Section 402 of this Agreement in order to be eligible for amnesty in such state.

An amendment to the various sections of the Agreement by Kentucky and Nebraska to allow sellers to select which states they want to register in by utilizing the central registration system provided under this Agreement.

~~G.~~ Whenever a state joins the Agreement, sellers already registered under the Agreement shall be notified by the Governing Board and may elect to be registered in that state registered in the new state as follows:

- ~~1. Model 1 sellers will be automatically registered in such state.~~
- ~~2. Model 2, model 3 and model 4 sellers will be automatically registered in the new state but may elect to be registered as a seller which anticipates making no sales into the new state.~~

~~H.~~ ~~I.~~

~~Upon registration,~~ ~~†~~The Governing Board shall ~~provide~~ make to the seller information available regarding the requirements and options for filing a simplified electronic return and for filing remittances in any member state. ~~A m~~Member states may provide information to sellers concerning other tax return filing options in that state.

~~I.~~ ~~J.~~

~~The~~ Governing Board shall cause the system for registering under the Agreement to include a feature that allows sellers registered under the Agreement to update relevant registration data in the system and have such updated data provided to all ~~member~~ affected states utilizing the system. The Governing Board shall establish conditions and procedures to allow states which are not members of the Agreement to participate in the registration system.

~~J.~~ ~~K.~~ ~~The provisions of Subsections (B) and (H) of this section shall become effective on January 1, 2010.~~

See Compiler's Notes for history.

Section 318: UNIFORM TAX RETURNS

Each member state shall:

- A. Require that only a single tax return for each taxing period for each seller be filed for the member state to include all the taxing jurisdictions within the member state.
- B.

An amendment to the various sections of the Agreement by Kentucky and Nebraska to allow sellers to select which states they want to register in by utilizing the central registration system provided under this Agreement.

1. Require that returns be due no sooner than the twentieth day of the month following the month in which the transaction occurred.
 2. When the due date for a return falls on a Saturday or Sunday or legal holiday in the subject member state, the return shall be due on the next succeeding business day. If the return is filed in conjunction with a remittance and the remittance cannot be made pursuant to Section 319.E.2, the return shall be accepted as timely filed on the same day as the remittance under that subsection.
- C. Make available to all sellers, whether or not registered under the Agreement, except sellers of products qualifying for exclusion from the provisions of Section 308 of this Agreement, a simplified return that is filed electronically as follows:
1. The simplified electronic return (hereinafter SER) shall be in a form approved by the Governing Board and shall contain only those fields approved by the Governing Board. The SER shall contain two parts. Part 1 shall contain information relating to remittances and allocations and part 2 shall contain information relating to exempt sales.
 2. Each member state must notify the Governing Board if it requires the submission of the part 2 information. Provided, no state may require the submission of part 2 information from a model 4 seller which has no legal requirement to register in such state.
 3. Returns shall be required as follows;
 - a. Certified service providers must file a SER in all member states in which the model 1 seller is registered under the Agreement, on behalf of model 1 sellers. Certified service providers, on behalf of such sellers, shall file the audit reports provided for in Article V of the Governing Board's rules and procedures for such states, and in addition, shall be required to file part 1 of the SER each month for each member state in which the model 1 seller is registered under the Agreement. A state shall allow a model 1 seller to file both part 1 and the part 2 of the SER. A model 1 seller which chooses to file

An amendment to the various sections of the Agreement by Kentucky and Nebraska to allow sellers to select which states they want to register in by utilizing the central registration system provided under this Agreement.

both part 1 and the part 2 of the SER shall still be required to file the audit reports provided for in Article V of the Governing Board's rules and procedures.

- b. Model 2 and model 3 sellers must file a SER in all member states in which they are registered under the Agreement~~other than states for which they have indicated that they anticipate making no sales~~. Such sellers shall file part 1 of the SER every month for all states in which they are registered under the Agreement~~anticipate making sales~~. Such sellers ~~need not file part 2 information until January 1, 2012. After such date they~~ shall have the following options for meeting their obligation to furnish part 2 information:

- i) File part 2 of the SER together with part 1 of the SER every month; or
- ii) File part 2 of the SER at the same time part 1 of the SER for the month of December is due. Part 2 information filed pursuant to this option shall cover the month of December and all previous months of the same calendar year and shall only require annual and not monthly totals.

Such sellers shall only be required to file part 2 of the SER for any state which has notified the Governing Board that it will require the submission of the part 2 information pursuant to paragraph 2 of this subsection.

- c. ~~No later than January 1, 2011, e~~Every member state shall allow model 4 sellers to file a SER. Such sellers shall file part 1 of the SER every month unless a state allows less frequent filing. Model 4 sellers which have a legal requirement to register in such state shall have the following options for meeting their obligation to furnish part 2 information:

- i) File part 2 of the SER together with part 1 of the SER; or
- ii) File part 2 of the SER at the same time part 1 of the SER for the month of December is due. Part 2 information filed pursuant to this

An amendment to the various sections of the Agreement by Kentucky and Nebraska to allow sellers to select which states they want to register in by utilizing the central registration system provided under this Agreement.

option shall cover the months of December and all previous months of the same calendar year and shall only require annual and not monthly totals.

Such sellers shall only be required to file part 2 of the SER for any state which has notified the Governing Board that it will require the submission of the part 2 information pursuant to paragraph (2) of this subsection. Model 4 sellers which elect not to file a SER shall file returns in the form and pursuant to schedules afforded to sellers not registered under the Agreement according to the requirements of each member state.

- d. ~~No later than January 1, 2013 e~~Every member state shall allow sellers not registered under the Agreement that are registered in the state to file a SER. Such sellers shall file part 1 of the SER every month unless a state allows less frequent filing and shall have the following options for meeting their obligation to furnish part 2 information:

- i) File part 2 of the SER together with part 1 of the SER; or
- ii) File part 2 of the SER at the same time part 1 of the SER for the month of December is due. Part 2 information filed pursuant to this option shall cover the month of December and all previous months of the same calendar year and shall only require annual and not monthly totals.

Such sellers shall only be required to file part 2 of the SER for any state which has notified the Governing Board that it will require the submission of the part 2 information pursuant to paragraph (2) of this subsection.

4. A state which requires the submission of part 2 information pursuant to paragraph (2) of this subsection may provide an exemption from this requirement to a seller under terms and conditions set out by the state.

An amendment to the various sections of the Agreement by Kentucky and Nebraska to allow sellers to select which states they want to register in by utilizing the central registration system provided under this Agreement.

5. A state may require a seller which elects to file a SER to give at least three months notice of the seller's intent to discontinue filing a SER.

~~D. Not after January 1, 2010 require the filing of a return from a seller that is registered under the Agreement which has indicated at the time of registration that it anticipates making no sales which would be sourced to the state under the Agreement. A seller shall lose such exemption upon making any taxable sales into such state and shall file a return in the month following such sale. A state may, but is not required to, allow a seller to regain such filing exemption upon such terms and condition as the state may impose.~~

E.D. Adopt web services as the standardized transmission process that allows for receipt of uniform tax returns and other formatted information as approved by the Governing Board. Such a process will provide for the filing of separate returns for multiple legal entities in a single transmission for each state and will not include any requirement for manual entry or input by the seller of any of the aforementioned information. This process will allow a certified service provider, a tax preparer, or any other person authorized to do so, to file returns for more than one seller in a single electronic transmission. However, sellers filing returns for multiple legal entities may only do so for affiliated legal entities. States shall comply with this provision by January 1, 2019.

~~F.E. After January 1, 2010 g~~Give notice to a seller registered under this Agreement which has no legal requirement to register in the state, or a failure to file a required return and a minimum of thirty days to file thereafter prior to establishing a liability amount for taxes based solely on the seller's failure to timely file a return. Provided, a member state may establish a liability amount for taxes based solely on the seller's failure to timely file a return if such seller has a history of non-filing or late filing.

~~G.F.~~ Nothing in this section shall prohibit a state from allowing additional return options or the filing of returns less frequently.

See Compiler's Notes for history.

An amendment to the various sections of the Agreement by Kentucky and Nebraska to allow sellers to select which states they want to register in by utilizing the central registration system provided under this Agreement.

ARTICLE IV
SELLER REGISTRATION

Section 401: SELLER PARTICIPATION

- A. The member states shall provide an online registration system that will allow sellers to register in all the member states and other states electing to utilize the registration system.
- B. By registering, the seller agrees to collect and remit sales and use taxes for all taxable sales into the ~~member~~-states in which the seller elected to register, including member states joining after the seller's registration. Withdrawal or revocation of a ~~member~~ state shall not relieve a seller of its responsibility to remit taxes previously or subsequently collected on behalf of the state.
- C. In ~~member~~-states where the seller has a requirement to register prior to registering under the Agreement, the seller may be required to provide additional information to complete the registration process or the seller may choose to register directly with those states.
- D. A member state or a state that has withdrawn or been expelled shall not use registration with the central registration system and the collection of sales and use taxes in the member states as a factor in determining whether the seller has nexus with that state for any tax at any time.

Section 403: METHOD OF REMITTANCE

~~When registering, t~~The seller may select use one of the following methods of remittances or other method allowed by state law to remit the taxes collected:

- A. MODEL 1, wherein a seller selects contracts with a CSP as an agent to perform all the seller's sales or use tax functions outlined in the contract between the Streamlined Sales Tax Governing Board and the Certified Service Provider.
- B. MODEL 2, wherein a seller selects contracts to use a CAS ~~to use~~ which calculates the amount of tax due on a transaction.
- C. MODEL 3, wherein a seller utilizes its own proprietary automated sales tax system that has been certified as a CAS.

An amendment to the various sections of the Agreement by Kentucky and Nebraska to allow sellers to select which states they want to register in by utilizing the central registration system provided under this Agreement.

Section 404: REGISTRATION BY AN AGENT

A seller may be registered by an agent. Such appointment shall be in writing and submitted to a ~~member~~ state if requested by thate ~~member~~ state.