

N.C.S.T.A.
Board of Directors Teleconference Meeting
March 3-11-17

Call to order by Jerry Pearce

Roll call: Present Jerry Pearce , John Peele, David Cooper, Monica Rhea, Jeff Kerr, Chris Dobbins, Tim Wood, Latt Moretz, Jimmy Shoaf, Keith Blackburn, Larry Beam, Tyler Jolley, Doug Lassiter and Connie Stephens

Not present: Ace Potter, David Wallwork, Stanley Mills, Gabe Dellinger, and Scott Simmons

Jerry brings everyone up to date on where we are since November meeting. The sales tax bill was emailed to each of you. We left it in November to leave it alone and let the private parties hopefully work it out as it progressed the legislature requested information from NCSTA. Jerry and Doug met in February Jerry directed Doug to issue a statement to legislature based on information available at the time. The stance was to repeal the law that was at hand and to go back to ground zero and not appear to be endorsing any single party. This was done to stay away from bad publicity. Since that time a lot has happened and the NCSTA needs to take a stance at this time. Doug will be giving details on this issue and let him bring us to date since February.

Doug reviewed what was done in November. Senator Jackson pulled the budget bill from last year and reviewed and discovered that the bill came in during budget without review and he wanted to file a repeal bill. Infiltrator and Crumpler couldn't come up with alternate language. The deadline for taking public bills to bill drafting is 3/17 if NCSTA wants to do anything or support alternate language we need to decide what to do quickly. The reductions to revenues are shown on these options. There are 4 different options. There has been some confusion. Infiltrator sent out an email and some people are more confused. This is not the service tax we are still ok with service tax and repair end of this. The repeal is going to be done this is the moral high ground. He has talked to David Lentz last week they are lobbying to get sales tax exemption for all approved products but Doug has not seen any language. We don't have to vote but Doug needs a direction to take. Has to know by Tuesday if we do anything.

Tim asked if he could expand on this. Tim read email from Lentz that said Infiltrator and Crumpler made a verbal agreement to pursue the exemption of all wastewater dispersal products. They will pursue with or without the support of NCSTA. Lentz request that NCSTA retracts support of repeal of law and puts in request to support new legislation.

Doug stated that you can't unring a bell. He does not have language from Infiltrator or Crumpler nor does he have email from Lentz. Tim said the fiscal impact numbers that Infiltrator has are about ½ of what NCSTA estimated. Doug stated if he is hearing correctly Infiltrator would support no tax on any approved product. Doug said must make this clear the sales tax exemption is a law according to new repeal language this was an attempt to get everyone together on this. The effective date on this repeal is July 1 2017. If an amendment would have been filed that could have been defeated this is why two separate bills need to be filed.

Chris asked is the problem because it's 75% recycled and listed as accepted product and this only addresses only one manufacturer. Doug explained it did not go thru the House or Senate for review. Senator was blindsided and some lawyers are using the term anti-trust. Senator Jackson is one of the top three budget committee. Doug stated because of the way it went thru NCSTA didn't have any review. Doug says if we don't come off the fence now NCSTA does not look good.

Monica asked if Infiltrator and Crumpler have come together how do we have an opinion. Do we just let them work it out? Doug says if language matches what Tim just read it would apply to all products and the Senate would review. Keith stated that we vote he says Infiltrator should not be trusted. Tim said he works for the company and he won't do anything that makes him seem unethical.

Doug says if Brubaker produces language that we can accept Brubaker will push for that language. If Brubaker tries to stop the repeal. Doug suggest that you vote to support the repeal and that will bring it back to reexamine. Also have a second vote to review what the two companies come up with. NCSTA will have a voice.

Chris is concerned about backlash. Monica says has gotten a lot of calls also if we take a stance we need to see all language if the two companies work together why are we involved. Doug says we will be worse off if we don't take a stance. Doug says the repeal bill has no good side, if it fails then there will be legal action. We have to support the repeal. The second thing we have to have language that works and there will be publicity on the loss of revenue.

Jerry says this is unfortunate this had to come out the way it did and that NCSTA was not kept informed. Jerry not happy with the one company being more concerned about their bottom line than the industry as a whole. NCSTA is not about greed. We have to assure there is participation from Board and keep in mind that we are about all the industry. This was lack of protecting the industry on the part of the Infiltrator. Monica stated that we are responsible to our membership and that we have to take into consideration of how the members feel about this issue not any one opinion of Board members.

Doug asked what the Board wants him to do. If we don't support repeal it would show support of one company. The most important question is the second part, do we support the two parties and show support.

Jerry said let's do this as two items. Is there a motion to repeal the law? Tim wants to go on record as saying I personally think we should have had this discussion before first report was issued. Jeff says he has talked to a lot of Board members he is disappointed that we have be in this position. His question is if we could go back a year if the law had read would we have supported an across the board exemption for all products. Doug stated that if NCSTA had known ahead of time things would have been different, if there is an exemption for all we would have to look at the fiscal note and see if can be done at all and if we had the opportunity we would have supported. Jeff asked for Doug's opinion on what we should do after the repeal and does the NCSTA need to involved. Doug stated that if he sees the manufacturers

are doing exemptions for themselves only he can't support that. Doug says he is for any laws that supports the industry as a whole. Latt asked if it was presented to benefit the community or the installer. Good question but that has passed and the question will come up again. Doug stated that going forward if repairs are included it gives it more potential of passing. If Infiltrator and Crumpler agree that all approved products that includes repair. Doug says dispersal means after the tank and touches the soil. Doug says in Alabama any pollution reductions there is not a tax. Jimmy says there are so many different directions of this we are asking questions of who did what and why and he would like to know if we went back to step one would anyone on the Board supported one company getting exemption and he's concerned about all the paper work that the dealers are having to do. His customer are 50% split on using the exemption. Most are not messing with the paperwork. Jerry said we would have support the entire industry not just one company and not just large companies. We have to be careful not to show endorsement of any one product or any multiple products but all products. Jeff stated that if we support something going forward the publicity could be a positive in that we are supporting business development. He asked where the exemption of gravel came from. Doug says it came from agricultural origin and it was historical and there are no forms.

Jerry said we need to get back to what we need to do. Are we going to support the repeal? Tim asked Doug and Jerry, NCSTA has already shown support of the repeal do we need to really vote on the repeal? Doug says yes we need to vote on supporting the repeal and state more information has come to light and be ready to answer with "we have found there have been unintended consequences" and there will be new language to move forward.

Jerry asked for motion to support the repeal. Latt by motion to support the repeal, John second, does anyone need to abstain from vote, does anyone oppose the motion Tim, Chris. The remaining vote in favor of supporting repeal. Motion carries.

Second part, need a motion to give Doug direction to review language that show the tax exemption would be all inclusive and will forward language to Board to vote to support or not to support motion made by Keith Blackburn, 2nd Chris, any opposed none. Motion carries.

Monica suggested there is a lot of confusion from all phone calls etc can we put something on the website to clarify. Jerry will format a update to be released and he cautioned not to give out opinions but to channel the questions to one format. Doug said he understands Monica's concerns but everyone needs to understand some are calling NCDOR and getting vague info over their help line.

Jerry thanked everyone for meeting today and thanked Doug for his time to NCSTA during this time. Doug's Mom passed away this morning he will forward arrangements.

Latt said supported Doug and Jerry and the position they have taken and they are to be commended for their roles they hold.

Motion to adjourn.