Speaker 1 (00:00):

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Nikki Dobay (00:14):

The states have been going a little crazy, a couple of them, and we're going to focus on California today. Hello, and welcome to GeTtin' SALTy, a state and local tax policy podcast hosted by Greenberg Traurig. My name is Nikki Dobay, shareholder in the Sacramento, California and Portland, Oregon offices. I'm very pleased today to be joined by Samantha Trencs, Sam, as we call her here. Sam is counsel in our D.C. office. Sam, thank you so much for joining me.

Samantha Trencs (00:48):

Well, thanks for having me on your podcast today, Nikki.

Nikki Dobay (00:51):

Well, you've been here before and we're always delighted to have you back. We are seeing states expand their sales tax base, which shouldn't be a huge surprise, but nonetheless has created lots of challenges. So you're going to get us caught up today on California and what has been going on there and with the taxation of SaaS. And so SaaS taxation has been one of the hottest state tax issues of the last decade, and we're seeing it unfold here in real time. So why are the states increasingly looking at SaaS as sales tax base expansion opportunity?

Samantha Trencs (01:28):

I think, right now, you look at the traditional sales tax base, and really it was designed around tangible personal property with services largely outside of the base. Consumers and businesses, they've kept migrating towards subscription and access and we're just to have a totally different economy than we did when the sales tax was first enacted. And the rate has stayed the same and the underlying base keeps shrinking. So really a legislature has two options. So are they going to raise the rate, which everybody sees and really nobody forgives? Legislators don't want to be raising sales tax rates that hits everybody in their state. Or do they redefine what's in the base?

(02:09):

So what can be more of a technical and quiet and doesn't show up on receipts as much as a rate increase does in terms of certain voters? So I think it becomes more of how can we get this more revenue out without increasing the base? So they're going after where the money's moving now.

Nikki Dobay (02:29):

So what you're saying is it's a political issue yet.

Samantha Trencs (02:33):

Yeah.

Nikki Dobay (02:33):

Yeah.

Samantha Trencs (02:34):

I think so. And we'll get into California a little bit later and it's interesting, their approach a bit different than the other states. But right now, it's a big way for states to get a lot of money and for the legislators to not really upset the voters.

Nikki Dobay (02:50):

Yeah, I think that's a great point. And we do know right now we're in a time when the states are really looking for revenue. So I think these questions, while they've been bubbling under the surface for many years, we're seeing some states execute on them. Before we get into California specifically, and maybe Colorado if we have time, can you briefly explain the different ways that the states currently tax software?

Samantha Trencs (03:17):

Yeah, sure. So historically, we've looked at the difference between canned or custom software. So that was really looking at the substance of the software itself. So for canned or pre-written software, as some states would call it, it's built once and sold to many. So that's been most consistently a taxable category if a state has taxed software in the past. But then we have something called custom software. So this is really something that's built to the special order of one customer. And this, I would say, is the most consistently exempt category, and notably both California and Colorado kept that exemption intact even when expanding everything else. So it seems like the dichotomy is still existing even through expanded bills that are happening.

(04:04):

And then I think one other thing that we usually look at when there's been taxing of software and other items is usually the difference between downloaded software or remotely accessed software. And that's really about the delivery. So it used to be that there was a distinction with tangible software as well. So it's some disc you had to have first to get the software. Maybe some of our listeners don't remember when you would get the disc in the mail or you'd go buy the disc and you'd have to put that onto your computer to first get the software. And then states would treat that as taxable, tangible personal property.

(04:39):

But software companies have evolved and software's evolved and they started getting rid of the discs. First it switched to downloaded software and then to remotely access software. So with downloaded software, you still have the same products, but no disc. And historically, a lot of states said that that was exempt and not within the sales tax base because they needed some sort of tangible aspect to the purchase. But then states first started expanding their sales tax base, so the delivery method did matter and downloaded software was part of the tax base. And we see a lot of states that have the downloaded software part of their sales tax base.

(05:16):

But now, like with Colorado and California and increasingly number of other states, we're looking at taxing remotely accessed software or SaaS. So really you never have to possess anything. You just log in and then you have access to it, and that is what's coming into the tax base.

Nikki Dobay (05:34):

And so why is SaaS creating such a challenge for traditional sales tax systems?

Samantha Trencs (05:40):

I think this really has to do with one fundamental question. It's really where did this happen? SaaS doesn't have a clean answer. If you think about a company headquartered in one state, might have a billing address in a second, servers in a third, employees logging in from 20 more, a traditional sales tax asks for one location. And just in that example, what, was there five, six plausible answers? And I think it gets really tricky to figure out who gets to tax what. And if you're having different types of rules, it becomes along, "I get to tax it because we have it by the ship to." And another state, "I get to tax it because I have it by the bill to address."

(06:21):

And so I think it's just going to be fights along those lines until states come together or try to have more consistent rules to try to make sure that there's ways to allocate the sale, which we really haven't had in the sales tax context.

Nikki Dobay (06:38):

So before we get into the specifics on California, I guess I just want to boil this down into two fundamental questions. So the first question seems to be, is this canned or custom? And that's really going to determine taxability just generally if a state is taxing software. And then the second question, if it is going to be taxable and it's now SaaS, now we've got this whole second question related to sourcing. And that's really also a very, and maybe the more complicated issue. Is that taking a step back and looking at it from a very high level? Are those the right questions?

Samantha Trencs (07:18):

I think you're getting to the right questions and the meat of the matter, especially with the sourcing that just becomes the most difficult thing for businesses to figure out. And also for the software that businesses use needs to be able to make clear decisions on this as well. And I think it's also interesting because, unlike income tax where it's just you, the taxpayer involved, and here now-

Nikki Dobay (07:43):

Right.

Samantha Trencs (07:44):

... we have two parties here.

Nikki Dobay (07:45):

Right.

Samantha Trencs (07:46):

We have the seller who wants to get it right, and then we also have the purchaser who wants to get it right, and not be overcharged for software that they're using all over the place. There's going to be differences between sellers and buyers, I think, with these new sales tax laws that are expanding into SaaS where the purchaser and the seller are going to have conflicting approaches for how they want to tax something.

Nikki Dobay (08:11):

Yeah, I think that's a great point. The seller wants to take often a very conservative approach because they don't want to get it wrong, but the purchaser doesn't want to overpay, as you say.

Samantha Trencs (08:21):

Yeah.

Nikki Dobay (08:21):

So it is also setting up some challenges for a customer relationship overall.

Samantha Trencs (08:28):

Yeah. And then what do you do as the seller? Do you try to the customer's always right aspect, and it's more about the sale than it is about the tax? Or you have a jurisdiction like California with such a high tax rate, if you're making mistakes, this is big dollars now you're talking about.

Nikki Dobay (08:46):

So let's dig into California and walk us through what happened in California because there has been a lot going on. And I feel like it's been going on for a long time, but it's been actually not that long of a tax.

Samantha Trencs (08:59):

Yeah. It actually happened so quickly. And I mean, Nikki, you're so involved in our legislative tracking and all of the behind the scenes here, so I'm sure you can add some commentary. But SB 122 was a final bill that we ended up with in California that expands the tax base to include digital products. But it's interesting because that language was not in the original bill.

Nikki Dobay (09:19):

Right.

Samantha Trencs (09:20):

It was a budget placeholder bill, I believe. And the language wasn't amended until I think it was the middle of June.

Nikki Dobay (09:27):

Yeah.

Samantha Trencs (09:29):

And I think it was, what, two, maybe three weeks and had already passed the legislator, which is insane. And it has an effective date of January 1st of 2027, and there were no stakeholder meetings, no opportunity for businesses to weigh in or practitioners or anything. I mean, all of a sudden, it was like, wait, we have a-

Nikki Dobay (09:51):

Yeah. I mean, think about it. Last spring, we weren't talking about California expanding its sales tax base. And I will say I've had conversations with many California practitioners who were adamantly-

Nikki Dobay (10:03):

... conversations with many California practitioners who were adamantly told me, "California will never tax any sort of digital product." And so yes, what we saw with Senate Bill 122 was pretty amazing, not in a good way. I'll just say that too. But yes, it happened very, very quickly.

(10:22):

And to your point, because it was part of the budget process, there did not seem to be any stakeholder input. And I think when we see the final bill, it also appears that there wasn't a lot of stakeholder input in the sense of stakeholders that have to actually deal with these issues and try to work with clients on them or implement this as a business collecting the sales tax. So what did California actually do in the statute then?

PART 1 OF 4 ENDS [00:10:04]

Samantha Trencs (10:52):

It's pretty interesting. So they didn't write a whole new software regime. Instead, they amended the definition of tangible personal property to include a digital product. So really just some pre-written computer software. So kind of canned version like we were talking about, transferred electronically, accessed remotely. So basically software regardless of the delivery method.

(11:13):

And I think that drafting choice is really interesting because by building on that existing framework, the whole tangible personal property regime, instead of creating a separate regime, California really pulled software into 40 years of existing sales tax laws. So we're talking the bundling rules, characterization analysis, we assume true object test.

(11:35):

All of it arguably applies to software and really something that it was never written for. It'll be really interesting to see what happens with existing laws and guidance and litigation that we've seen over the years, how it can apply to this new category of tangible personal property that is a digital product.

Nikki Dobay (11:57):

And I know we're going to get into the sourcing, but I would have to imagine that pulling this in as tangible personal property and applying the traditional sourcing rules, while that may have seemed like a good idea when this thing was flying through the legislative process, this is just a very different animal. And so it's already creating some problems.

(12:16):

But before we get into all the problems it's creating, so what are these businesses supposed to do as of January 1? I mean, you just flip a switch, right?

Samantha Trencs (12:26):

Yeah. I mean, it's that easy. You just tell your provider just quickly, we'll figure this all out. So yeah, beginning 1/1, which is coming up real quickly, your pre-written software, really however it reaches you, is going to be taxable in California. So I mean, if you download it, if you never possess it at all, whether it sits on your vendor's server or you reach it through a browser, that's all going to be taxable.

(12:53):

I think what's really interesting here is you hear that it's digital products. They've expanded their law to digital products. But what's crazy is usually when we think of the term of art digital products, we think of consumer goods.

Nikki Dobay (13:07):

Yes.

Samantha Trencs (13:07):

And here that's exactly the opposite of what California did is they carved out all of the consumer goods. So the SB 122 expressly excludes digital books, digital audio, and visual works. Any of your eBooks, your music that you listen to, anything you stream is excluded. And I think that's just such an interesting approach for a state, especially one with huge headquartered businesses like California.

(13:37):

I mean, maybe for a smaller state to go after business software, business things that are happening, that'd be one thing, but California seems to just be going after a lot of their own with this bill. And usually states try to first tax the consumer goods before they go anywhere else, kind of test the water with that because at least with a consumer good, it's usually one digital book is purchased.

(14:01):

It's a lot easier to figure out and source where that go. There's one person who has Spotify subscription. Maybe there's some issues with a family one, but it's just not like-

Nikki Dobay (14:12):

Right. Well, it also kind of turns the sales tax theory on its head, which is the sales taxes are consumption tax and you're supposed to tax final consumption. And the states have generally taxed final consumer on that. And so not taxing an ebook, but still taxing a physical book seems a little strange.

Samantha Trencs (14:36):

Yeah. Instead, California here, yeah, we won't tax that. We're going to tax the physical book, not the ebook.

Nikki Dobay (14:41):

Right.

Samantha Trencs (14:42):

But businesses, we're going to tax your enterprise resource planning systems.

Nikki Dobay (14:45):

Right, right.

Samantha Trencs (14:46):

Your HR and payroll platforms, things you need to operate. Oh, the security and monitoring tools you have to make sure that you keep customers' data safe. Oh, yeah, taxable now. So it's just going to increase the cost of business by a lot.

Nikki Dobay (15:01):

Yeah. And also strange businesses like healthcare and other businesses that are relying a lot on software these days, you would think there are other policy reasons not to want to tax those services. And I think perhaps the lawmakers were thinking, well, let's tax the businesses and that will protect the consumers from increased prices.

(15:25):

But we all know that when you tax the business inputs, that's only going to increase the overall cost of doing business, which will be passed on to consumers. So this just acts as more of a stealthy tax as opposed to a direct tax that is transparent and is seen on a bill.

(15:43):

But let's talk about exemptions or carve-outs. And so is all software taxable now or are there any exemptions and carve-outs?

Samantha Trencs (15:53):

There's a few carve-outs that are within the bill that I think are worth noting. So just like we talked about that custom software, there's some sort of software that's prepared to the special order of the customer, that's going to survive.

(16:06):

And we do have an out-of-state use exemption kind of carve out there. If your software is purchased solely for use outside of California, we're still trying to get guidance to see exactly what that means.

(16:18):

There's a golden master provision for right to reproduce software for distribution to third parties. And there's a digital infrastructure exemption as well. But all of these, there's hardly any guidance on exactly what they mean.

Nikki Dobay (16:36):

So just thinking about this digital infrastructure and that there's an exclusion for that, do we know what that means?

Samantha Trencs (16:44):

So we have a definition within the bill, I believe. So it's really going to be the cloud-based service provided remotely that allows a user to create or deploy or run the user's own computer software. I try to think of it as a renting of a commercial kitchen. You rent the space, but you cook your own recipe. So that's going to be kind of the infrastructure.

(17:09):

But in practice, it makes it seem, oh, okay, the infrastructure. But okay, get it, get it. But there's so many times where the software is so intertwined with the infrastructure. So you're running your own code on a platform that comes with vendor's tools baked in.

(17:26):

Same contract and the same login and one invoice for that all, but the software's kind of baked in there. And we haven't had a lot of guidance yet from the department on that. I think it's kind of important to talk about where the department is in all of this too, because maybe not all of our listeners are as in tune as we are to what's going on on the CDTFA side.

(17:51):

So right after the bill was enacted, I think it gave surprise not only to taxpayers, but also to the CDTFA because now taxpayers have these six months to figure this out and so does the CDTFA. So they held a workshop first in August that I was able to attend and that just discussed the bill. I think there was almost 400 people who joined online and there was about 40, 35, 40 people in the room.

(18:18):

And there were just so many questions and they had to cut it short, stayed at the two-hour allotment, and a lot of issues about just the bill were brought up. And they had, I think, a month and a half from there. And then in the beginning of September, the CDTFA released a discussion paper with some proposed regulations in it. And from there, a couple weeks ago, they had an interested parties meeting to walk through those proposals and try to give more guidance to taxpayers.

Nikki Dobay (18:50):

Yeah, I think that we saw this play out in Washington last year in 2025 when they expanded their sales tax base and the department, I think there, the Department of Revenue, had suggested many of those expansions as a way to bring in more revenue. And it was really thought that that expansion would not create too many challenges.

(19:18):

In less than a year, we saw Washington back off of almost all of those base expansions. They repealed it into the future, but kind of interesting to see difficulties in administering these sales tax base expansions, the ripple effect that they had on the policymakers as well.

(19:39):

And I think the same is true in California because this bill went through so quickly, either the CDTFA just didn't realize how challenging the implementation of this would be, or they too were just completely caught off guard and the policymakers went and did this on their own. But nonetheless, they're kind of the ones holding the bag here because I know we chatted after the workshop, that first work-

Nikki Dobay (20:03):

Because I know we chatted after the workshop, that first workshop, and you were just surprised that... Maybe not surprised, but you were telling me how many people were just asking really basic questions just showing how much confusion there was.

PART 2 OF 4 ENDS [00:20:04]

Samantha Trencs (20:18):

Uproar too. There were a lot. The workshop. What about our local governments and schools? And there's no exemption for that. The school districts already have their budget. And I don't usually feel badly for the CDTFA, but in that aspect, they were like, "Our hands are tied here. There's no carve out for that in the statute."

(20:40):

So they really are confined to what the statute does say, and it does seem like they are trying to really look at the language and try to interpret it the best that they can. But I feel like every time there's another meeting, just interested party stakeholders just point out more issues, we say things like, "Why aren't there examples here? We need examples with the digital infrastructure, how the department going to audit this."

(21:06):

I think another thing is the sourcing. There's sourcing rules in the statute, but they're different than pretty much every other state. So the first, if it's not physical, if it's not downloaded, some streamed software, there's hierarchy, and it first goes to the billing address, which usually under most state sales taxes we go to the ship to. And the CDTFA was like, " Well, does that really matter? Because it's a digital product. So what about why would we need to worry about ship to?"

(21:37):

But people brought up ideas that businesses really do try to figure out where things are going to be used too, like where this is. And there are a lot of reasons for their own internal systems to need to put the ship to and to classify where things are going to be used. But now we have the default of billing address instead.

(21:57):

I think an interesting tidbit that I think will be helpful for our readers too is there were a lot of questions about if a seller has had a California address for a purchaser at one point and they have it in their records, how is that going to be interpreted? The CDTFA said, "Well, I mean, I think we're looking at the transaction at issue." And we're like, "Are we?"

(22:21):

That's not what the rules are saying. We are going to have an auditor in three years who's going to say, "Wait, you do have a California billing address here for this client back from 2022. You should have sourced to that bill address." I feel like it's going to cause so many issues. So I feel like sourcing was a big discussion topic of the latest meetings that we've had.

Nikki Dobay (22:43):

Anytime you have these issues where they're trying to provide a clear rule, one, that can create clarity, but two, it can also create incentives for folks to not have their software billed to California if that's going to be the clear rule.

Samantha Trencs (23:03):

You think, "Okay. Well, I'm going to change it." And you do for new contracts and things like that. But historically, so many businesses have put a bill to address in California because it was just the easiest for the purchaser to be able to figure out their use tax liability once they figure out how they're actually going to use the software and deploy it and figure it out.

(23:23):

And so California has historically been used by so many businesses, the bill to address if they had some sort of connection to California. And we brought up to the department, and I chimed in being like, "We'd like examples here to be able to say that you're not going to look back from 10 years ago, or even before the implementation of this bill to look at that California address." Because it really wasn't very accurate. It was just something that was the easiest to do so that the purchaser could properly determine the tax on the use tax side instead.

Nikki Dobay (23:57):

So what about putting aside this bill to address issue?

Samantha Trencs (24:03):

Yeah, sorry. Take that-

Nikki Dobay (24:05):

Because if you say that's not going to create any challenges, but what if software is being used across multiple states? We have this multiple points of use concept that states have, other states utilize. Is California, is the CDTFA embracing an MPU?

Samantha Trencs (24:25):

Yes, they are in a limited capacity. The proposed regulations, they build this out. So if you do have a product concurrently used in more than one location, then you are allowed to use this MPU and you're allowed to using any reasonable method. There's some parameters around that, but there still are just a lot of questions about this and the mechanics of it all and how it's going to apply to... The bill also has a $5 million threshold for some purchases and how that applies.

(25:02):

There are a lot of questions and the CDTFA was sort of trying to let you know that the MPU is more on the use tax side and the sales tax side is more going to be on the five million. And it just seems like there are just so many questions that hopefully the CDTFA can come out with maybe some more guidance, or their next round of regulations can be a little bit more clear on the use of MPU. Because when it works, it really does work.

Nikki Dobay (25:31):

Right, right.

Samantha Trencs (25:31):

I think that there's no better person than the purchaser to be able to-

Nikki Dobay (25:35):

Exactly. Yeah.

Samantha Trencs (25:35):

... properly allocate where they've used the purchase and needing to know the information right away or to provide to a seller. It just creates so many administrative burdens that are just really not needed in this context. There were at the interested party meeting, there was really a push to have blanket certificates and be able to issue those because the purchaser is the best person to be able to figure out how much use is in there.

(26:03):

And I actually think if there was a blanket certificate that California will end up getting more tax in the long run too, because people will be like, "Okay. Here, we'll just give the blanket certificate and we'll figure it out on our own. We'll get direct pay certificate." And just all of that is just very complicated. And partly because I think the statute didn't think through all of things first, which goes back to why didn't they have some meetings or discussions with taxpayers and professionals to be able to think like, "Hey, just back up a second. Let's think about some ways that we can smartly put together a way to. If you really want to tax this, let's figure out a way that's easier at least for businesses to pay the tax."

Nikki Dobay (26:47):

And you know I don't like to hold Washington up as the poster child of doing things well. I mean, this was an issue that the legislature in 2026 came back to and put specific language in the statute to clarify that an MPU certificate could be provided. It's great to hear the CDTFA is thinking through these ideas, but I think it would also be beneficial.

(27:15):

And I know California's legislature is out of session now, so we're not going to see that before the end of this year. But my sense is there will have to be some sort of cleanup bill early next year, even though this will be in effect. And these are some of those issues that could really benefit from clarification, because to your point, we know MPUs work in other states and it also just makes the system operate much more smoothly when the seller can just take the MPU and then they have their relief, and then the purchaser can determine the proper amount of use tax that should be applied.

(27:53):

And I know California is also a little bit different because its sales tax and its use tax are not, as my understanding is, and this is not going to be the most articulate, but they're not as kind of dovetailed as we see the sales and use tax in most states. There are some really weird nuances within California law that sometimes you're like, "Well, is it a sales tax or is it a use tax?" And I know there can be distinctions there. So still a lot to figure out.

Samantha Trencs (28:22):

I think as I was in the interest of parties meeting. And thinking about it too is I think a good legislative fix too would be just to get rid of that $5 million threshold, where if you hit that with one particular vendor, then it switches onto use tax and then it's the purchaser's problem basically. I think if we just got rid of that provision.

(28:48):

I see the intention, but it's making it so much more complicated for the CDTFA to say, "No, we're going to allow a direct pay permit. And we're going to allow purchasers to be able to figure this out and sellers to be able to sell their product and not be on the hook for figuring out where another multi-state global business is going to be using this software."

(29:12):

I think that would be the easiest way. And I think it would help with being able to administer the tax and give more leeway to the CDTFA to do general direct pay certificates. I mean, because there's still the general direct pay for other tangible property, and just the intersection of it all is just too complicated with this $5 million threshold.

Nikki Dobay (29:37):

So Sam, sounds like super simple. What are you telling your clients to do before the first of the year that was very sarcastic? One, the statute is complicated, and two, I give the CDTFA credit. They're doing their best. They're really trying to pull together guidance on this. But this is a very difficult area to navigate, and nine months isn't much time, less than nine months to try to pull it together.

Nikki Dobay (30:03):

Nine months isn't much time, less than nine months, to try to pull it together, so what are you telling clients that they should be doing before the end of the year?

PART 3 OF 4 ENDS [00:30:04]

Samantha Trencs (30:10):

First, I think, for every deal you have closing or any contract for something that's going to be taxable, some taxable software here, is know exactly when the right to access transfers. That was one area where the CDTFA has given us some pretty decent guidance in order to kind of figure out what contracts are taxable and nontaxable when you're entering into them during this transition period and right after.

(30:40):

And, in the beginning, it seemed like the CDTFA was going to lean into the right to transfer plus payment. But, with the proposed regulations and the examples that are there, it really seems like it's going to be the right to access. When that transfers, that's when the tax will be imposed. So I would encourage businesses to take a look at their contracts and make sure that they're not looking at the payment date but the right to transfer to make sure that there's not going to be any sort of hiccups in that transition period. I'd say try to map your products against any of the statutory exclusions.

(31:16):

We haven't gotten a lot of guidance. Like there's a human effort exemption, the Golden Master, we're not quite sure. I mean, I think you mentioned some healthcare examples brought up into the CDTFA about healthcare software and things like that, but they didn't add any examples for this. So, hopefully, in the next turnaround, we can maybe get more examples. But, right now, if you're selling things that might map into an exclusion, let's try to figure that out.

(31:45):

I would also clean up customer address data. The billing address going to lead to the sourcing hierarchy, and stale data is going to create the wrong default answer, so I think cleaning all that up in your systems will be helpful especially if you're the seller here. And then I think, also, if you're a large buyer, model your spend per vendor against that $5-million threshold. Figure out when you're going to cross it with a single vendor because then the obligation is shifting onto you with the direct pay permit required. But, for at least the first year, you're going to have to monitor that. And maybe setting up reminders, figuring out when it's going to switch over, talking to vendors about that I think would be helpful.

Nikki Dobay (32:31):

And, one last question while we have you on this topic, is there going to be another CDTFA interested-parties meeting or is the point-

Samantha Trencs (32:40):

I don't think so. I think that the idea is that they're just going to...

Nikki Dobay (32:45):

Move on to rule making?

Samantha Trencs (32:46):

... start writing, yeah, because they have to send whatever draft they have to OAL. And they're going to have to look through it, and I think that they want to have something before Christmas done-

Nikki Dobay (32:58):

What a present.

Samantha Trencs (32:59):

... end of December, even holidays, November. It's going to be really hard to get anything pushed through. But, even then, it's like, okay, so we're just going to have to wait around even longer.

Nikki Dobay (33:09):

Businesses are having to set up their systems now. I mean, they can't wait till December to figure this all out. This is going to be a work in progress for many folks across the board, the sellers, the purchasers.

Samantha Trencs (33:24):

Yeah. And as, I think, you said right in the beginning the idea of, "Oh, you just flip on a switch." Like it's just not how it works. And I know all of our clients, everyone wants to get this right. Especially with sales tax when it's not your tax, I mean, these can be big dollars at issue with California's rate. I mean, everyone wants to be able to get this right from the beginning, and it's clear as mud right now.

Nikki Dobay (33:51):

All right. Well, that's a good place to put a pin in it. And Colorado has also gone down this road. So I know you've been involved there. It sounds like we have another podcast to do coming up on that front, but I want to just say thank you for catching us up on all the craziness in California and on this topic. There's other craziness, of course. I know you've been really involved with this one, so thank you for joining. But, before we go, I've got to ask you a surprise non-tax question, and so-

Samantha Trencs (34:24):

Okay.

Nikki Dobay (34:24):

It is fall now. And I'm a little sad this summer's over, but I'm working through that.

Samantha Trencs (34:29):

Me, too.

Nikki Dobay (34:30):

I did go buy some new cashmere yesterday. There was a great sale, so I got to stack up on that. So that's a good thing, but I've been driving around. And you see all the signs for pumpkin spice, so the question is are you a pumpkin fan? And I'll go first. So I love pumpkin. I love a pumpkin pie. I'm not really a latte, like a flavored-latte person, so I've never gotten into the pumpkin-spice-latte craze.

Samantha Trencs (34:58):

Yeah, I miss black coffee over here.

Nikki Dobay (35:00):

Yeah, but I love pumpkin. And, on one hand, I'm super happy for the pumpkin farmers that this pumpkin-spice craze has taken, I think, the world by storm. But it is a little crazy that like, in August, I was hearing about pumpkin-spice stuff. Just saying. It's gotten a little crazy, so where do you stand on pumpkins?

Samantha Trencs (35:22):

I mean, I'm not a big pumpkin fan.

Nikki Dobay (35:25):

Wow. Okay.

Samantha Trencs (35:27):

Yeah. Yeah.

Nikki Dobay (35:28):

No pumpkin pie?

Samantha Trencs (35:29):

Yes. I will not be having a pumpkin spice latte anytime soon.

Nikki Dobay (35:34):

So nothing pumpkin?

Samantha Trencs (35:36):

I mean, I'll eat like a little slice of pumpkin pie, but I'm not going for all the pumpkin-flavored everything. I mean, you have dogs. Don't you think about pumpkin as like something you give them when their stomach hurts?

Nikki Dobay (35:49):

Well, our dogs, that's a whole different thing. They've actually never had a ton of pumpkin. They've had some, and they've liked it. But, yes, you're right, it is also kind of a super food for dogs. I might be making that up.

Samantha Trencs (36:06):

Yeah. But, overall, I'm not on that.

Nikki Dobay (36:07):

All right. Okay, okay, so you're not. Are you affected by the pumpkin-spice craze at all or you just dismiss it completely?

Samantha Trencs (36:13):

I think I just dismiss it. I mean, Nikki, you know I live in South Carolina. It is currently still 85 degrees outside. The last time I went to get pumpkins, I was sweating, and my kids were in shorts and T-shirts, and the sun was beating down as we went through the ride.

Nikki Dobay (36:29):

That'd be too much-

Samantha Trencs (36:29):

Yeah. Yeah. It's not quite a fall experience here in like the-

Nikki Dobay (36:33):

Just like South Carolina.

Samantha Trencs (36:35):

... Southeast. Yeah.

Nikki Dobay (36:36):

All right. Well, thank you again, Sam, for this conversation. It's always great chatting with you about sales tax issues. And I know we'll be chatting about California for quite some time because there's a lot going on there.

(36:49):

And thank you to the listeners for joining us. Information about Sam and I will be in the show notes. If you have any questions or comments, please leave them there. And we will be back in a few weeks on the next GeTtin' SALTy.

PART 4 OF 4 ENDS [00:37:04]