

NHSCA Monthly Update
Thursday, July 2, 2020 at 2:30 pm CDT

2-10: Lindsay Iten

AFC Home Club: Randall Reis

American Home Protect: Corinne Maples, Ashley Altick

American Water Resource/Pivotal HS: Meghan Boyle, Pat Wodack

First American Home Warranty: Zach Zaharek

Frontdoor Group: Mark Celichowski

Cinch: John Walsh

Fidelity: Lorna Mello, Adrienne Giacolone

Old Republic Home Protection: Chris Wasson, Frank Caballero

HWA: Michael Longoria

NHSCA Staff: Art Chartrand, Joy Moore

Roll call was taken, and a quorum was present.

Sales Tax Convenience Fee. (NC)

Chartrand reported a member requested if they include paying sales tax on convenience fees charged in states where you pay sales tax up front on a contract purchase. In North Carolina at least, despite lack of logic or sense, the convenience fee **appears taxable**. Art 5 Ch 105-164.3 (203) defines "sales price" very broadly to include "labor or service cost"...." and "any other expense of the retailer" and under (195) a retailer is drafted very broadly. This is not a tax counsel opinion, is advisory only and members should review with their own tax counsel. Other members would certainly appreciate any learned feedback.

NHSCA Advisory Council

Randy Whitehead put together the initial advisory council. Tim Mullen with NAIC agreed to join. Next meeting is July 7 at 2:00 pm CDT. Whitehead asked members if there are any issues they would like the advisory council to address. If so, reach out through Chartrand or email to randy@nationalservicealliance.com.

State Reminders

Arizona was approved to re-engage with our lobbyist in the fall to pursue our 2019 legislation stalled due to Covid-19.

Assessments were voted on at the annual meeting in June for Nevada, Texas & California. Staff will send out the invoice notices for payment to the members who participate in doing business in those states.

Members are encouraged to review the materials and proposed legislation for Nevada and Texas (all in your National meeting e-binder) so we can discuss and vote on in September.

Most states are also undergoing elections so sponsors and committees will not know until November. However, realistically, we must engage lobbyists to prepare by October 1.

Accreditation Status Report

Five members are approved. ORHP, AHP, APHW, First American & Cinch. Fidelity is pending. We are waiting for material to be submitted from the other members. Mello moved, Walsh second to extend the deadline to Feb. 1, 2021 (from Sept. 1, 2020) to submit materials for accreditation without paying a fee. The motion passed.

TAR Expo

Staff will be there. An updated letter was emailed to members to send to company local reps that will be at TAR as many arrive with little understanding of the NHSCA and its support role. The letter explains the NHSCA, staff, accreditation and advisory council. Corinne Maples is the President of THSCA and will arrange with staff for a THSCA dinner and meeting commensurate with TAR. Staff is not signed up for any additional expo's at this time due to COVID-19 uncertainty. We do not believe it makes any resource sense to participate in "virtual" expos.

Market Data Committee Update

Our next call is set for July 14 @ 2:30 pm. Chartrand asked if any new members would like to join the committee. There was no response.

Oklahoma Supreme Court Decision

Oklahoma issued a ruling 9-0 in case Sparks v ORHP in May essentially stating that "home warranty" was insurance and that the OK Arbitration act as a result prohibits arbitration and class action waivers, effectively exposing "home warranty" providers to bad faith litigation. The case is based upon a unique set of facts in that ORHP was selling "home warranties: via an affiliate insurance company and not under the Home Service Contract Law at 36 Ok 6750. It's carry over effect on members registered as home service contract providers is unclear but threatening. 6750 was passed by NHSCA in 2011 in response to another 2011 OK Supremes case holding that automobile warranties were insurance.

There is a meeting with OK Commissioner Mulready on July 16. Chartrand will be in attendance. At a minimum, we may have to pass some clarifying legislation. The support of the OK DOI and the commissioner can make a significant difference.

The NHSCA president is authorized to spend up to \$5000 to retain a lobbyist. Members doing business in Oklahoma by majority vote need to approve expending \$6000/monthly lobbying fee to pursue during the 2021 session. Assessment will be approximately \$8000 per member doing business in Oklahoma. Walsh motioned to approve the expenditure and Boyle seconded. The motion passed with two abstentions and none opposed by roll call vote of members doing business in Oklahoma.

NHSCA Monthly Conference Call
Thursday, July 2, 2020

Chartrand will hold a special call to update all members after the OK Commissioner meeting.

The meeting adjourned at 3:20 pm CDT. Next meeting is Sept. 10 at 2:30 pm CDT.