

**A motion by Indiana, Kansas, Kentucky, North Dakota, Ohio,
Oklahoma, Tennessee, Utah, West Virginia for a rule relating to CAS
compensation:**

**ARTICLE VI – MONETARY ALLOWANCES FOR NEW
TECHNOLOGICAL MODELS FOR SALES TAX COLLECTION**

Interpretive Rule

This Interpretive Rule (“Rule”) of the Streamlined Sales Tax Governing Board, Inc. (“Governing Board”) is effective as of the _____ day of _____, 2006 (“Effective Date”), and is adopted pursuant to Section 902 of the Streamlined Sales and Use Tax Agreement (“SSUTA”).

Rule 602.1 Monetary Allowance for Model 2 Sellers

1. Authority. The Governing Board has the authority to determine the monetary allowance, if any, to be withheld from the amount remitted to the Member States and Associate Member States by Model 2 Sellers. The Governing Board may, in its discretion, limit the monetary allowance to taxes remitted to Member States and Associate Member States in which the Model 2 Seller is a Volunteer Seller. All Member States and Associate Member States must provide a monetary allowance to Model 2 Sellers in the amount and manner adopted by the Governing Board. Failure to provide any such monetary allowance may subject a Member State or Associate Member State to sanctions for noncompliance pursuant to Section 809 of the SSUTA.

2. Allowance Limitations. A Seller shall be entitled to the allowance only if the Seller has registered as a Model 2 Seller in compliance with the requirements of the registration system created under Article IV of SSUTA (“Central Registration System”), has filed and paid a timely return, and is otherwise in compliance with Governing Board requirements for receiving the allowance.

3. Additional Allowances. The allowance set forth in this Rule is in addition to any discount afforded by a Member State or Associate Member State. Individual Member States and Associate Member States may provide, in accordance with their own laws and procedures, allowances that supplement or extend the monetary allowance under this Rule. Nothing herein suggests or implies that any supplements or extensions will be forthcoming.

4. Definitions. Except as separately defined in this Rule, terms used herein shall have the same meaning as those terms are defined in the SSUTA. Definitions set forth in this Rule are included only for purposes of determining monetary allowances for Model 2 Sellers under this Rule. The definitions do not constitute a conclusion or an admission by the Governing Board, Member States, or Associate Member States that a Seller has or does not have a legal obligation to collect sales or use taxes in any Member State or Associate Member State. Monetary allowances to Model 2 Sellers under this Rule are not payments to a Seller for the administration of any state or local sales tax.

(a) Associate Member State means a state or other governmental authority that has petitioned for membership in the SSUTA and has been designated as an associate member state pursuant to the SSUTA, Section 704, Subsections B and C.

(b) Member State means a state or other governmental authority that has petitioned for membership in the SSUTA and has been found to be in compliance with the requirements of the SSUTA pursuant to Section 805.

(c) Volunteer Seller in a Member State or Associate Member State means a Seller that has registered as a Model 2 Seller in the Central Registration System and:

(1) Represented in its registration that it did not have a legal requirement to register and in fact did not have a requirement to register in the Member State or Associate Member State at the time of registration, regardless of any previous registration the Seller may have made in the Member State or Associate Member State; or

(2) For Sellers who registered with the Member State or Associate Member State after November 12, 2002, the Seller meets all of the following criteria during the twelve (12) month period immediately preceding the date of registration with the Member State or Associate Member State:

- a. no fixed place of business for more than thirty (30) days in the Member State or Associate Member State;
- b. less than \$50,000 of Property, as defined below, in the Member State or Associate Member State;
- c. less than \$50,000 of Payroll, as defined below, in the Member State or Associate Member State; and
- d. less than twenty-five percent (25%) of its total Property or total Payroll, as defined below, in the Member State or Associate Member State.

Notwithstanding subsection (c)(2) above, any Seller that registered in a Member State or Associate Member State after November 12, 2002 and prior to October 1, 2005, is not considered a Volunteer Seller for that Member State or Associate Member State, if the Seller had a legal requirement to register as a result of administrative, legislative, or judicial action in the state occurring prior to the date of the Seller's registration.

(d) Property is the "Average Value" of the Seller's real property and tangible personal property owned or rented by the Seller. Property owned by the Seller is valued at its original cost basis. Property rented by the Seller is valued at eight times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the Seller less any annual rental rate received by the Seller from sub-rentals. The "Average Value" of Property shall be determined by averaging the values at the beginning and end of the twelve (12) month period immediately preceding the date of registration with the Member State or Associate Member State.

(e) Total Payroll is the total amount paid by the Seller for "Compensation" during the twelve (12) month period immediately preceding the date of registration with the Member State or Associate Member State. "Compensation" means wages, salaries, commissions and any other form of remuneration paid to employees and defined as gross income under Internal Revenue Code §61. "Compensation" is paid in a Member State or Associate Member State if (1) the individual's service is performed entirely within the Member State or Associate Member State,

(2) the individual's service is performed both within and outside the Member State or Associate Member State, but the service performed outside the Member State or Associate Member State is incidental to the individual's service within the Member State or Associate Member State, or (3) some of the service is performed in the Member State or Associate Member State and (a) the base of operations, or if there is no base of operations, the place from which the service is directed or controlled, is in the Member State or Associate Member State, or (b) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in the Member State or Associate Member State.

5. Losing Volunteer Status. A Volunteer Seller shall lose its status as a Volunteer Seller in a Member State or Associate Member State if:

(a) as a result of activities the Seller conducts in a Member State or Associate Member State after the date of the Seller's registration in the Member State or Associate Member State, the Seller becomes legally obligated to register in that Member State or Associate Member State; and

(b) as a result of activities the Seller conducts in a Member State or Associate Member State after the date of the Seller's registration in the Member State or Associate Member State, the Seller fails to meet one or more of the criteria under subsection 4(c)(2) above in that Member State or Associate Member State. For purposes of determining whether the Seller meets the criteria, the "Average Value" of Property shall be determined by averaging the values at the beginning and end of the last fiscal year of the Seller that terminates at least thirty (30) days before the date the determination is made; and Payroll shall be the total amount paid by the Seller for "Compensation" during the last fiscal year of the Seller that terminates at least thirty (30) days before the date the determination is made.

6. Disclaimer. Nothing in this Rule shall be construed to modify federal or state law regarding a Seller's responsibility to collect or remit sales or use tax to a Member State or Associate Member State.

WHEREFOR, the foregoing Interpretive Rule is adopted by the

STREAMLINED SALES TAX GOVERNING BOARD, INC.

Senator Dwight Cook, President Date