

August 29, 2007

Summary of Proposed Revisions to Associate State Provisions

Version 1-

- Assumes alternative sourcing provision is adopted
- Grants automatic extension of associate member status to those states that were associates on January 1, 2007 (Arkansas, Nevada, Wyoming, Utah, Tennessee and Ohio) through June 30, 2008 (currently set to expire on December 31, 2007).
- In order to maintain membership, the state would need to be found in compliance by June 30, 2008 (full compliance for full membership or compliance with a future effective date for continued associate membership)

Versions 2-

- Assumes no alternative sourcing provision
- Grants automatic extension of associate member status to those states that were associates on January 1, 2007 (Arkansas, Nevada, Wyoming, Utah, Tennessee and Ohio) through June 30, 2008 (currently set to expire on December 31, 2007).
- Allows current associate states to be granted extension of associate status if only issue of noncompliance is sourcing
- Requires annual recertification of compliance with all issues other than sourcing
- Allows for additional states to be granted associate status if only issue of noncompliance is sourcing
- Allows these states to be granted associate status if they have future effective dates
- Requires annual recertification of compliance with all issues other than sourcing and a delayed effective date

Summary of Current Agreement Provisions on Associate States

705A-

- Applies to all associate states
- Limits rights of associate states
 - Cannot vote on amendments or interpretations
 - Cannot vote on compliance petitions
 - Cannot serve on CRIC

705B-

- Only applies to states that were associate states on January 1, 2007. Six states were associates on that date. Arkansas, Nevada and Wyoming have submitted petitions for full membership. Ohio, Tennessee and Utah are the other three states.
- Associate membership expires for these states on December 31, 2007.
- These states can petition for associate membership status under 801C (found in compliance except for future effective date).

705C-

- Applies to all associate states
- Sellers do not have to collect for associate states
- Associate states must pay CSP compensation for volunteers

705D-

- Applies to all associate states
- Restricts associate state access to seller information

705E-

- Applies to all associate states
- Associate states pay petition fees and annual dues

705F-

- Applies to all associate states
- Associate states required to provide amnesty while they are associate state and for 12 months after achieving full membership

801C-

- Applies to states that petition for membership after January 1, 2007
- Provides that a state that is found to be in compliance except for a future effective date shall be made an associate member for not more than 12 months prior to their effective date
- Allows for a 6 month extension of associate status with a unanimous vote of the Governing Board.
- Requires associate states to file annual recertification of compliance
- Requires associate states to file statement of non-compliance if effective dates are delayed
- State automatically becomes full member when their provisions go into effect (assuming continued compliance)

801D-

- Applies to states that have become associate members pursuant to 801C
- Prohibits these states from petitioning for membership for 1 year if effective dates are extended