

## **A motion by Oklahoma for a Rule related to the process for imposing Sanctions:**

### **Rule 904.1 Determination of Sanctions**

**A. Executive Committee to Consider Sanctions.** If the Governing Board makes a final determination that a member state is not in compliance with the terms of the Agreement, the Executive Committee shall consider what sanctions should be recommended to the Governing Board pursuant to the procedures set out in this rule.

**B. Notice and Comments.** The Executive Committee shall notify the authorized representative of each member state, the Chair of the State and Local Advisory Council, the Chair of the Business Advisory Council and the general public as provided in Rule 806.2(B) of the determination of noncompliance and that sanctions are being considered. The Committee shall provide a public comment period which shall not be shorter than 30 days. All comments received by the Executive Committee shall be posted on the governing board website.

**C. Public Meeting.** No sooner than 10 days after the close of the public comment period, the Executive Committee shall meet in a public meeting, which may be by teleconference pursuant to rule 807.1(B)(2), convened in accordance with Rule 807 to determine the recommendation regarding sanction to be made to the Governing Board. If a member of the Executive Committee represents the state that has been determined to be in noncompliance, that member shall not participate in a committee vote on the recommendation. The meeting shall provide an opportunity for public comments. The subject state shall be afforded an opportunity to be heard by the Committee at such meeting. When a determination is made by the Executive Committee, it shall issue a written recommendation. The recommendation shall provide the Committee's rationale for its recommendation. A copy of the recommendation shall be sent to the subject state and the Governing Board.

**D. Possible Recommendations.** Recommendations which may be made by the Executive Committee include, but are not limited to:

1. Modification in status of the member state from full member status to associate member status. This sanction includes relieving sellers registered under the agreement which do not have nexus with such state from the requirement to collect in such states;
2. Suspension of the state's right to vote on amendments to the Agreement;
3. Suspension of the state's right to vote to determine if a petitioning state is in compliance with the agreement;
4. Suspension of the State's right to have any delegates serve on the Governing Board or to vote on any matter which may come before the Governing Board;
5. Requiring the state to provide compensation to sellers burdened by the state's noncompliance with the agreement; or

6. Expulsion.

**E. Agenda.** Actions recommended by the Executive Committee shall be placed on the agenda of the Governing Board for the next regular meeting if there is sufficient time for the required notice to be given or for a special meeting.

**F. Effective date of Sanction.** The Governing Board shall determine the effective date of any sanction it imposes. It may provide for a conditional effective date for a sanction which would result in the sanction being imposed only if the subject state failed to come into compliance by a date certain.

**G. Governing Board Action.** At a meeting where a recommendation of the Executive Committee for a sanction is on the Agenda, the Governing Board may impose a sanction recommended by the Executive Committee, may impose a different sanction or may defer any action on imposition of a sanction until a date certain.

**H. Publication of Decision.** Once the decision on sanctions is made by the Governing Board, the decision shall be sent to the subject state and a copy of the decision shall be posted on the Website.