

**Associate State Substitute Amendment offered by Oklahoma
Section 17 in the Book**

AM07019A02
06/21/07

A motion by Indiana, Oklahoma, Kansas and Kentucky to amend Sections 704, 705 and 801 of the Agreement relating to Associate Membership for states applying after January 1, 2007

Section 704: CONSIDERATION OF PETITIONS

A. A petitioning state that is found to be in compliance pursuant to Section 805 of the Agreement and the changes to their statutes, rules, regulations or other authorities necessary to bring them into compliance are in effect shall be designated a Member State.

B. ~~A~~ Until January 1, 2007, a petitioning state that is found to be in compliance pursuant to Section 805 of the Agreement and the changes to their statutes, rules, regulations or other authorities necessary to bring them into compliance are not in effect, but are scheduled to take effect on or before January 1, 2008, shall be designated an associate member. Provided the statutes, rules, regulations or other authorities remain in

effect, the state shall automatically become a Member State upon the effective date of the conforming legislation.

C. A Until January 1, 2007, a petitioning state that fails to receive an affirmative vote of three-fourths of the petitioning states as required under Section 702 may request associate membership. If such a request is made, the Petitioning States may grant such membership by majority vote upon a finding that the state has achieved substantial compliance with the terms of the Agreement taken as a whole, but not necessarily each provision as required by Section 805, measured qualitatively, and there is a reasonable expectation that the state will achieve compliance by January 1, 2008. A state that is granted associate membership by this section shall be required to re-petition for full membership under the requirements of the Agreement.

Note: The amendment to this section would become effective immediately upon adoption.

Section 705: ASSOCIATE MEMBERSHIP

A. An associate member shall have all the rights and privileges of a member state except that:

1. an associate member may not vote on amendments to or interpretations of the Agreement when the provisions of Section 701 have been met without the use of associate members, and

2. an associate member may not vote to determine if a petitioning state is in compliance with the Agreement pursuant to Section 804 of the Agreement. ~~Associate members may vote on amendments to or interpretations of the Agreement as an Implementing State under Section 703 (A).~~

3. a representative of an associate member state shall not be eligible to serve on the Compliance Review and Interpretations Committee.

~~B. An associate member~~ A state which is an Associate Member on January 1, 2007, shall retain such status until the Governing Board finds such state to be in compliance pursuant to Section 805 or December 31, 2007, whichever is earlier, without regard to whether the population requirement of Section 701 has been met. Any such associate member that has not been found in compliance by December 31, 2007, shall forfeit its status as an associate member. ~~No state may be an associate member after December 31, 2007.~~ ~~The Co-Chairs of the Streamlined Sales Tax Implementing States~~ President of the Governing Board shall provide an associate member state with the reasons why such state is not in compliance with the Agreement. Forfeiture of its status as an associate

member does not preclude a state from re-petitioning for membership pursuant to Section 801.

C. Notwithstanding any provision of this Agreement to the contrary, a seller may, but is not required to collect sales or use tax on sales into an associate member state unless the seller is otherwise required to collect such taxes under applicable law.

Notwithstanding the provisions of Section 401 (B), a seller that volunteers to collect tax in an associate member state is not required to collect tax in any other associate member state. An associate member shall be responsible for payment of costs as provided in Article VI for those sellers that volunteer to collect tax in an associate member state.

D. Neither the Governing Board nor a member state may share or grant access to an associate member state any seller information from the seller's registration pursuant to Section 401. Neither the Governing Board nor a member state may share or grant access to an associate member state any seller information from an audit conducted by the Governing Board or a member state on behalf of the Governing Board unless the associate member state is a party to the audit.

E. An associate member shall be responsible for the payment of the petition fee and the annual cost allocation as determined by the Streamlined Sales Tax Implementing States or Governing Board.

F. An associate member state shall provide amnesty pursuant to the provisions of Section 402, provided, the amnesty shall be in effect from the date the associate member status is attained until 12 months after the associate member state becomes a full member state.

Note: The amendment to this section would become effective immediately upon adoption.

Section 801: ENTRY INTO AGREEMENT

- A. After the effective date of the Agreement, a state may apply to become a party to the Agreement by submitting a petition for membership and certificate of compliance to the governing board. The petition for membership shall include such state's proposed date of entry. The petitioning state's proposed date of entry shall be on the first day of a calendar quarter. The proposed date of entry shall be a date on which all provisions necessary for the state to be in compliance with the Agreement are in place and effective.
- B. The petitioning state shall provide a copy of its petition for membership and the certificate of compliance to each member state when the petitioning state submits its petition for membership to the governing

board. A petitioning state shall also post a copy of its petition for membership and certificate of compliance on that state's web site.

C. A state that petitions for membership after January 1, 2007, that is found to be in compliance pursuant to Sections 804 and 805 of the Agreement except that the changes to their statutes, rules, regulations or other authorities necessary to bring them into compliance are not yet in effect, shall be designated an Associate Member effective on the first day of the calendar quarter that is not more than twelve months before its proposed date of entry as a Member State. Such twelve month period may be extended to eighteen months if the Governing Board, by a unanimous vote approves such extension. Such extension shall be granted only if the petitioning state can present adequate justification of the necessity for the future effective date and that the application of the future effective date beyond twelve months is limited to the provisions of the law for which such necessity is demonstrated. Such states shall be subject to the annual recertification requirement set forth in Section 803 of this Agreement for all issues other than the delayed effective date issues identified at the time the state becomes an Associate Member. Extensions of effective date delays beyond those identified at the time the state becomes an Associate Member shall require the state to submit a statement of non-compliance pursuant to Section 803. Provided the

statutes, rules, regulations or other authorities remain in effect, the state shall automatically become a Member State on the state's proposed date of entry. D. A state that petitions for membership after January 1, 2007, that is not found to be in compliance, may request to become an Associate Member. The Governing Board may grant such request by a $\frac{3}{4}$ majority vote upon a finding that the states has achieved substantial compliance with the terms of the Agreement taken as a whole, but not necessarily for each provision as required by Section 805, measured qualitatively, and there is a reasonable expectation that the state will achieve compliance within 2 years after the date on which the petition is considered by the Governing Board. A state that is granted associate membership pursuant to this subsection shall be required to repetition for full membership under the requirements of the Agreement. A state that is granted Associate Member status pursuant to this subsection shall forfeit its status as an Associate Member on the first day of a calendar quarter after two years as an Associate Member. Such states shall be subject to the annual recertification requirement set forth in Section 803 of this Agreement for all issues other than issues of noncompliance identified at the time the state becomes an Associate Member." E. A state which becomes an Associate Member after January 1, 2007, shall forfeit its status as an Associate Member on the date provided for compliance pursuant to

subsection C of this section, if the state's laws are not in compliance at that time. A state that forfeits its status as an Associate Member because it has extended its effective date for required law changes beyond the date set forth in its petition for membership may not file another petition for membership for a period of 12 months after such state forfeits its status as an Associate Member.