August 23, 2007

A motion by Indiana and Oklahoma to amend Section 705 of the Agreement relating to extension of Associate Membership because of Section 310:

VERSION 1

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.

3. A representative of an associate member state shall not be eligible to serve on the compliance review and interpretations committee.

B. 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~~ June 30, 2008, whichever is earlier, without regard to whether the population requirement of Section 701 has been met. ~~Any associate member~~ A state which is an associate member on January 1, 2007 that has not re-petitioned for full membership and been found in compliance by ~~December 31, 2007~~ June 30, 2008 shall forfeit its status as an associate member. The 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. Such a state may petition for membership and become an associate member state as provided in and pursuant to Section 801 C of the Agreement or a full member state as provided in and pursuant to Section 804 of the Agreement.

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.