

The purpose of this amendment is to begin admitting larger, multistate tribal governments that wish to simplify their sales and use taxes and gain the benefits of voluntary compliance in anticipation of passage of federal legislation.

Section 213: STATE

Any state of the United States, the District of Columbia, and the Commonwealth of Puerto Rico. Any federally recognized Indian Tribe shall be considered a "state" for purposes of the Agreement, except that such a tribe shall not be considered a "state" for purposes of representation and voting under Section 806, and except as may otherwise be provided in the Agreement.

Section 706: TRIBAL GOVERNMENT MEMBERSHIP.

A. Status as Member.

(1) In General. Any federally recognized Indian Tribe that imposes a generally applicable sales tax may, if such Tribe complies with the terms of this Agreement, petition to become a Member under the Agreement. The Governing Board shall consider such Tribe for admission as a Member to the Agreement on the same basis as States.

(2) Decision of the Governing Board.

(a) In general. The Governing Board shall consider such Tribe for admission as a Member to the Agreement on the same basis as States, if the effect of any federally recognized Indian Tribe's laws, rules, regulations, and policies is compliant with each of the terms of the Agreement, if the Indian Tribe has entered into an agreement with the primary State where it is located, and if the following operational aspects of the Agreement have been implemented:

- (i) Tribal level administration of sales and use tax collection.
- (ii) Uniformity in tax base,
- (iii) Uniformity of major tax base definitions,
- (iv) Central, electronic registration system,
- (v) Simplification of tax rates,
- (vi) Uniform sourcing rules for all taxable transactions,
- (vii) Simplified administration of exemptions,
- (viii) Simplified tax returns,
- (ix) Simplification of tax remittances,

(x) Protection of consumer privacy.

(b) No state-tribal agreement present. If an Indian Tribe and the primary State in which it is located have attempted to negotiate, but have not reached, an agreement as described in subparagraph (2)(a) within 2 years after the date of the submission of such petition, the Governing Board shall consider such Tribe for admission as a Member to the Agreement on the same basis as States without regard to the presence of a State-tribal agreement.

(3) Membership on the Governing Board.

(A) In general. If any federally recognized Indian Tribe is accorded Member status under the Agreement under this section, such Tribe shall be represented on the Governing Board by at least 1 representative, and shall be entitled to one vote on the governing board.

(B) Multiple Tribes. If 2 or more federally recognized Indian Tribes are accorded Member status to the Agreement under this section, the Governing Board shall appoint () representatives from a list of names nominated by the Member Tribes to represent the interest of all Member Tribes, and all Member Tribes jointly shall be entitled on one vote on the governing board.

(C) A federally recognized Indian Tribe is not eligible for any status under the Agreement other than member (e.g., a tribe is not eligible for associate membership.)

B. Rule of Construction. Nothing in the Agreement shall be construed as:

(1) diminishing an Indian Tribe's sovereignty or characterizing an Indian Tribe as a state for other purposes;

(2) affecting existing tax agreements between Indian Tribal Governments and States;

(3) preventing Indian Tribal Governments and States from entering into bilateral agreements for the collection and allocation of sales taxes (whether or not such bodies are admitted as Member States to the Agreement), or;

(4) overriding established principles of Federal law governing:

(a) the taxing jurisdiction of Indian Tribal Governments.

and;

(b) the immunities of Indian Tribal Governments and their members from State taxation with respect to on-reservation transactions.

SECTION 1101: COOPERATING SOVEREIGNS

This Agreement is among individual cooperating sovereigns in furtherance of their governmental functions. The Agreement provides a mechanism among the member states to establish and maintain a cooperative, simplified system for the application and administration of sales and use taxes under the duly adopted law of each member state. The inclusion of federally organized Indian Tribes in the definition of "State" found in section 213 of the Agreement does not diminish or otherwise impact a state's sovereignty or taxing authority.