

**BYLAWS OF THE STREAMLINED SALES
TAX GOVERNING BOARD, INC.**

A Nonprofit Corporation

Adopted October 1, 2005

(Amended April 19, 2006, August 30, 2006, June 23, 2007, September 20, 2007, May 12, 2009,
October 6, 2011, May 24, 2012, December 26, 2013, May 3, 2018, December 18, 2020 and May 24, 2023)

Article One – Name and Purpose

Section 1. Name. The name of this organization shall be the Streamlined Sales Tax Governing Board, Inc., and its membership shall be determined under these bylaws as set forth in Article Three.

Section 2. Purpose. The object and purpose of this organization shall be to administer and operate the Streamlined Sales and Use Tax Agreement as Amended (the “Agreement”) under authority conferred in the Agreement.

Section 3. Powers. The Streamlined Sales Tax Governing Board, Inc. (hereinafter referred to as “Governing Board”) may take any action that is necessary and proper to fulfill the purposes of the Agreement including but not limited to employing staff, advisors, consultants or agents and allocating the cost of administering the Agreement among the Member States and others with whom the Governing Board may enter into contracts. Procedures for amending the Agreement are contained in the Agreement.

Section 4. Conflicts. If there is a conflict between the bylaws and the Agreement, the Agreement controls. If there is a conflict between a rule to the Agreement and the bylaws, the rule controls.

Compiler’s note: (a) Section 4 was added October 6, 2011 via BL11001. This amendment became effective upon its adoption.

(b) Section 3 was amended May 3, 2018 by BL18001A01 to authorize the Governing Board to allocate the cost of administering the Agreement among both Member States and others with whom the Governing Board contracts. The amendment became effective upon its adoption.

Article Two – Offices

Section 1. Offices. The principal office of the Corporation shall be located within or without the State of Indiana at such place as the Board of Directors shall from time to time designate. The Corporation may maintain additional offices at such other

places as the Board of Directors may designate. The Corporation shall continuously maintain within the State of Indiana a registered office at such place as may be designated by the Board of Directors.

Section 2. *Records.* Records of all transactions and meetings of the Governing Board and Executive Committee, as well as all corporate records, shall be maintained at the business office.

Article Three - Membership

Section 1. *Composition of the Governing Board.* The Governing Board shall be composed of Member States, Contingent Member States and Associate Member States
Compiler's note: ", Contingent Member States" was added October 6, 2011 via BL11001 and became effective upon its adoption.

Section 2. *Eligibility and Requirements.* Membership on the Governing Board shall be open to any state of the United States of America, the District of Columbia and the Commonwealth of Puerto Rico that is in compliance with the Agreement as provided in Section 805. Any such entity desiring membership must submit a petition for membership and a Certificate of Compliance to the Governing Board. The application must be in accordance with Sections 801 through 804 of the Agreement.

Section 3. *Member Status.* After approval of a state's petition for membership, such state shall be called a Member State.

Section 4. *Contingent Member Status.* A state may be admitted to the Governing Board as a Contingent Member pursuant to the terms and conditions adopted and made part of the Agreement.

Compiler's note: Section 4 was added October 6, 2011 via BL11001 and became effective upon its adoption.

Section 5. *Associate Member Status.* A state may be admitted to the Governing Board as an Associate Member pursuant to terms and conditions adopted and made part of the Agreement.

Section 6. *Annual Recertification.* Each Member State shall annually re-certify that such state is in compliance with all terms of the Agreement pursuant to Section 803. A state that is a Contingent Member State or an Associate Member State shall annually re-

certify that such state is in compliance with the terms of the Agreement pursuant to Sections 801.2 and 801.3 respectively.

Compiler's note: Section 6 was amended October 6, 2011 via BL11001 to add "A state that is a Contingent Member State or an Associate Member State shall annually re-certify that such state is in compliance with the terms of the Agreement pursuant to Sections 801.2 and 801.3 respectively." and the sentence "A state which is an Associate Member on January 1, 2007 will have until December 31, 2007 to come into compliance with the Agreement, at which time each such Associate Member's compliance with the Agreement will be evaluated unless the state had earlier been determined to be in compliance with the Agreement." was removed. This amendment became effective upon its adoption

Section 7. Payment of Annual Cost Allocation. Member, Contingent Member and Associate Member States must pay the annual cost allocation, hereafter referred to as dues, adopted at an annual meeting of the Governing Board in order to remain in good standing.

Compiler's note: ", Contingent Member" was added October 6, 2011 via BL11001 and became effective upon its adoption.

Section 8. Number of Representatives to Governing Board. Each Member, Contingent Member or Associate Member State may appoint up to four representatives to the Governing Board as described in Section 806 of the Agreement. Each Associate Member, Contingent Member or Member State shall have only one vote.

Compiler's note: ", Contingent Member States" was added October 6, 2011 via BL11001 and became effective upon its adoption.

Section 9. Expulsion or Withdrawal. Any Member, Contingent Member or Associate Member State failing to properly comply with the terms of the Agreement or failing to pay the annual cost allocation may be expelled upon action of the Governing Board. Member States, Contingent Member States or Associate Member States may also be permitted to withdraw from the Governing Board. Both expulsion and withdrawal are described in the Agreement, Section 808.

Compiler's note: ", Contingent Member" and ", Contingent Member States" were added October 6, 2011 via BL11001 and became effective upon its adoption.

Section 10. Restrictions on Contingent Member States and Associate Member States. Contingent Member States and Associate Member States will have all the rights and privileges of Member States under the Agreement except the following restrictions shall apply:

- a. No Associate Member State is qualified to vote on amendments to or interpretations of the Agreement.
- b. No Contingent Member State or Associate Member State will have access to the names of sellers or other data provided by sellers registering through the central registration system unless the seller has determined that it will collect on sales into the Contingent Member State or Associate Member State.
- c. No Contingent Member State or Associate Member State may receive information from the Governing Board on companies being audited by the Governing Board unless the State is a part of the audit.
- d. No representative of an Associate Member State is eligible to serve on the Compliance Review and Interpretations Committee.
- e. No Associate Member State is qualified to vote on whether any state is in compliance with the Agreement.

Compiler's note: (a) "Contingent Member State" information was added October 6, 2011 via BL11001 and became effective upon its adoption. (b) Section 10.b. was amended by BL20001 to change "volunteering sellers" to "sellers registering" and to add "Contingent Member State" and became effective upon its adoption on December 18, 2020 and (c) Section 10 was amended on May 24, 2023 to reword sections (a) through (d) and clarify that an Associate Member State is not qualified to vote on whether a state is in compliance with the Agreement, regardless of whether it is a state's initial petitioning for membership or during the annual compliance reviews, and was effective upon its adoption.

Section 11. Advisor States. States that previously held status as Implementing States shall become non-member, Advisor States to the Governing Board upon the expiration of the duties of the Streamlined Sales Tax Implementing States. A state that was not previously an Implementing State may become an Advisor State by following the procedures set forth in SSUTA, Section 801.4(4). Any question over whether a state qualifies as an Advisor State shall be resolved by a majority vote of the Governing Board States qualified to vote.

Advisor States shall serve in an *ex officio* capacity on the Governing Board with non-voting status, but may speak to any matter presented to the Governing Board for consideration. Each Advisor State may appoint up to four representatives to the Governing Board.

An Advisor State will not have access to the names of sellers, any seller information or other data provided by sellers registering through the central registration system. An

Advisor State shall not receive information from the Governing Board or its Member States on companies being audited by the Governing Board.

An Advisor State may not participate in a closed session of the Governing Board or its committees unless invited by the committee chair.

Compiler's note: (a) Section 4 was added October 6, 2011 and existing Sections 4, 5, 6, 7, 8, 9, and 10 were renumbered accordingly via BL11001 and became effective upon its adoption. (b) Section 11. was amended by BL20001 to add "Contingent Member State" and became effective upon its adoption on December 18, 2020. (c)Section 11 was amended May 24, 2023 as part of BL23002A01 to add the "States qualified to vote" language and was effective upon its adoption.

Article Four - Meetings of the Governing Board

Section 1. Quorum. A two-thirds majority of the membership shall constitute a quorum. A quorum is required to conduct the business of Governing Board at any meeting. For the purposes of determining whether a quorum is established, at least one representative of a Member, Contingent Member or Associate Member State (hereinafter referred to as "State") must be participating in the meeting, either in person or electronically.

Compiler's note: ", Contingent Member" was added October 6, 2011 via BL11001 and became effective upon its adoption.

Section 2. Annual Meeting. An annual meeting of the membership of the Governing Board shall be held once each year for the purpose of electing Officers and Executive Committee Directors, for approving an annual budget, and for the transaction of such other business as may come before the meeting. The annual meeting shall be held at such time and place as determined by the Executive Committee. Notice provisions in Section 5 of this Article apply.

Section 3. Special Meetings. Special meetings of the Governing Board may be called by the Officers, the Executive Committee, or by petition of forty percent of the Member States. Such meetings shall be held in a State at such time and place as determined by the Executive Committee. Notice provisions in Section 5 of this Article apply.

Section 4. Emergency Meetings. Emergency meetings of the Governing Board may be called by the President, the Executive Committee, or by petition of forty percent of the

Member States. Such meetings shall be held at such time and place as determined by those who called the meeting. The purpose of the meeting must be contained in the notice, and no other business may be transacted. Electronic participation will be allowed. The thirty day notice requirements in Section 5 may be waived, although each State must be notified, and public notice must be given as far in advance as possible.

Compiler's note: The word "membership" was changed to "Member States" October 6, 2011 via BL11001 and became effective upon its adoption.

Section 5. Notice of Meetings. Except in the case of an emergency meeting, or a meeting in which the Agreement is to be amended, written notice stating the place, day, and hour of any special or annual meeting of the Governing Board shall be delivered thirty days in advance by mail or electronically to each State entitled to vote at such meeting, and the Executive Committee shall provide public notice not less than thirty days before the date of such meeting. In the case of a special meeting, the notice shall contain a statement of the purpose of the meeting. Notice of any meeting at which proposals to amend the Agreement will be considered must follow the procedures outlined in Section 901 of the Agreement.

Section 6. Voting Rights. Each State of the Governing Board shall be entitled to one vote on each matter submitted to a vote at a meeting. For a vote for Officers and Executive Committee Directors, each State shall have one vote for each Officer or Director to be elected.

All actions taken by the Governing Board, except as otherwise provided in the Agreement, shall require an affirmative vote of a majority of those **Governing Board States qualified to vote and** present and voting.

A three-fourths vote of the Member States **qualified to vote** and Contingent Member States **qualified to vote** is required to (1) approve a state's petition for membership, (2) amend the Agreement, (3) to act on a request for interpretation of the Agreement, (4) adopt an Interpretive Rule, (5) find a state not-in-compliance with the Agreement, excluding the state in question, and (6) act on a request that a tax is a prohibited tax, excluding the state in question. The adoption of a resolution to sanction a State for noncompliance with the Agreement shall require the affirmative vote of three-fourths of

the Governing Board **States qualified to vote**, excluding the state that is the subject of the resolution.

Compiler's note: (a) On October 6, 2011 this Section was amended to add "Contingent Member" everywhere it is listed, added the last two vote requirements in Section 6 and deleted the former Section 7, which was added to Governing Board Rule 901, via BL11001 and became effective upon its adoption. (b) Section 6 was amended on May 24, 2023 by BL23002A01 to add the "qualified to vote" language and became effective upon its adoption.

Article Five – Officers

Section 1. Titles and Duties. The officers of Governing Board shall be the President, First Vice-President, Second Vice-President and Secretary/ Treasurer. The President shall preside at all meetings of the Governing Board and Executive Committee. The First Vice-President, the Second Vice-President and the Secretary/Treasurer shall perform such duties as the President may from time to time assign or delegate to them.

The President shall prepare and present an annual report of the work of Governing Board to the States at the annual meeting. The President shall have such other powers that may be reasonably necessary to the performance of the office.

The First Vice-President shall serve in the President's absence.

The Second Vice-President shall coordinate such projects as the President assigns.

The Secretary/Treasurer shall see that all records, reports, and certificates required by law are properly kept or filed and shall see that the financial records of the organization are kept in accordance with generally accepted accounting principles and that an annual report of the finances of the organization is presented at the annual meeting. The Secretary/Treasurer shall also chair the finance committee and shall assist in the preparation of an annual budget.

Section 2. Election and Term of Office. The four officers shall be directly elected by the Governing Board at the annual meeting from a slate put forth by the Nominating Committee. They shall serve a one-year term, but may serve three additional one-year terms as officers, but not more than four years consecutively in any office or combination of offices. The term of office shall begin on January 1 following the annual meeting. They shall hold office until their successors are selected, notwithstanding the term limits set forth herein.

Section 3. Vacancies. Should the office of President become vacant during a term or upon completion of the term, the First Vice-President shall fill the vacancy. Should the office of First Vice-President become vacant during a term, the Second Vice-President shall fill the vacancy. Should any of the other offices become vacant, the Executive Committee shall appoint a representative of a State of the Governing Board to fill the vacancy unexpired term. Officers who fill vacancies shall serve the unexpired portion of the term of the predecessor in that office and may be elected to the same office for a full term.

Section 4. Succession. When possible, the Nominating Committee shall put forth a slate of candidates for the offices of President, First Vice-President and Second Vice-President that allows for the succession of officers from Second Vice-President to First Vice-President to President, subject to election by the Governing Board. Nothing in this section shall prevent an officer from serving more than one term in the same office, but in no case shall an individual serve more than three additional years as provided in Section 2. Nothing in this section shall prevent the Nominating Committee from altering this planned succession if circumstances require.

Section 5. Resignation. The Officers shall be deemed to have resigned if their state is no longer a Member, Contingent Member or Associate Member State. Officers may resign from the office without having to resign as representatives to the Governing Board. They may not remain on the Executive Committee.

Section 6. Compensation. Officers shall not, by virtue of the office, be entitled to receive any salary or compensation from the Governing Board, but nothing shall be construed to prevent any officer from receiving reimbursement for any expenses incurred on behalf of Governing Board.

Compiler's note: On October 6, 2011 "additional" was added to Section 4 and the "deemed" language was added to Section 5 via BL11001 and became effective upon its adoption.

Article Six – Executive Committee

Section 1. Powers and Duties. The general affairs of the Governing Board shall be managed by an Executive Committee in accordance with policies approved by the Governing Board. The immediate past president of the Governing Board shall be an *ex*

officio member of the Executive Committee with voting rights. The executive director of the Governing Board shall be an *ex officio* member of the Executive Committee with no voting rights. The Executive Committee is granted authority to:

1. Appoint an executive director of the Governing Board for such term as the Executive Committee shall deem appropriate and to fix compensation for the executive director and any and all staff determined to be necessary to conduct the business of the Governing Board.
2. Fix the duties and responsibilities of the executive director, and through the executive director, the work, policies and compensation of subordinates.
3. Provide for the raising of revenue, other than dues, and the discharge of obligations incurred by its employees.
4. Provide for the regular dissemination of information to the membership, the Governing Board and to the public.
5. Enter into contracts and obligations for the attainment of the ends and purposes of the Governing Board in areas specifically delegated by the Governing Board and in accordance with their policies.

Section 2. *Number and Terms.* There shall be five Directors on the Executive Committee in addition to the four Officers. The term of office for a Director shall be two years. Directors and Officers will be elected annually at the annual meeting of the Governing Board. Three Directors will be elected in odd-numbered years, two directors in even-numbered years, except that in the year the Governing Board is formed, all five Directors will be elected, but the Directors whose terms would ordinarily expire the year following formation of the Governing Board will be elected for one-year terms. No Director may serve more than two complete two-year consecutive terms, except those Directors filling an unexpired term or an initial one-year term shall be eligible to serve a full term if elected. All Directors will serve until their respective successors are elected.

Section 3. *Representation of States.* The Nominating Committee shall assure geographic representation and diversity on the slate of Officers and Directors for the Executive Committee.

Section 4. *Qualifications.* Any duly appointed representative of a State is eligible to serve as a Director or Officer, except that no more than one Officer or Director shall be elected from a State at any given time.

Section 5. *Regular Meetings.* The Executive Committee shall meet each calendar quarter unless the President of the Governing Board determines that more frequent meetings are needed. These meetings shall be at such times and at such places as designated by the President of the Governing Board. Notice of meetings shall be given in accordance with Section 7 in these bylaws.

Section 6. *Special Meetings.* Special meetings of the Executive Committee may be called by the President. The time and place of special meetings shall be fixed by the President, and if desirable, may be held via teleconference. Notice of special meetings must be given 10 days in advance to the public, Executive Committee and to the States. The meeting notice must include the items to be discussed, and no other business may be transacted. In case of an emergency meeting, the 10-day notice requirement may be waived, although every member of the Executive Committee must be notified, and notice to the States and the public must be given as far in advance as possible.

Section 7. *Notice.* The Executive Committee members shall be given at least 30 days notice prior to any regular meeting. Public notice shall also be given 30 days in advance of the meeting. Any Officer or Director may waive notice of a meeting. Notice requirements for special meetings are included in Section 6.

Section 8. *Voting.* Each Officer or Director shall have one vote. Since Officers and Directors are elected as individuals, not representatives of states, voting by a proxy delegate from the Officer or Director's state is not allowed when the Officer or Director is absent.

Section 9. *Manner of Acting.* Five affirmative votes shall be required to approve any action of the Executive Committee.

Section 10. *Vacancies.* When any Officer or Director's position becomes vacant between annual meetings due to resignation or loss of position as a duly appointed representative of a State to the Governing Board, the vacancy shall be filled by the Executive Committee from recommendations of the Nominating Committee. In the case of incapacity or inability to serve of any Officer or Director, the President (or in the case

of the President, the First Vice-President) shall declare that a vacancy exists, and the Executive Committee shall act to confirm the vacancy and fill the position as described in Article V, Section 3, and Article VII, Section 1.

Section 11. Quorum. More than fifty percent of the Executive Committee shall be present, in person or electronically, to constitute a quorum and to vote. A quorum is not required to discuss business of the Executive Committee, but is required for the Executive Committee to vote.

Compiler's note: On October 6, 2011 the former subdivision 4 of Section 1 (dealing with the budget) was repealed and Section 11 was added via BL11001 and became effective upon its adoption.

Article Seven – Standing Committees of the Governing Board

Section 1. Nominating Committee. The Governing Board shall elect a Nominating Committee of eight persons who are delegates to the Governing Board at the annual meeting from a single slate of nominees representative of the States. Candidates for members of the Nominating Committee may also be nominated from the floor at the annual meeting with the consent of the person being nominated, and are not limited to those recommended by the Nominating Committee. Any person nominated from the floor must also be a delegate to the Governing Board. The President shall chair the Nominating Committee once elected and shall be a member of the Nominating Committee.

Nominating committee members serve a one-year term, and may serve no more than three consecutive terms.

The Nominating Committee shall actively seek candidates for nomination as Officers and Directors. The Nominating Committee shall present a single slate of Officers and Directors of the Executive Committee to the **delegates of the Governing Board States qualified to vote** at the annual meeting. Candidates for Officers or Directors may also be nominated from the floor at the annual meeting, with the consent of the person being nominated, and are not limited to those recommended by the Nominating Committee. Any nomination from the floor must be in accordance with Article VI, Section 4 (Qualifications).

In the event of a vacancy between annual meetings, the Nominating Committee shall make recommendations to the Executive Committee to fill vacant Director positions. Vacant Officer positions shall be filled in accordance with Article V, Section 3. Vacancies occurring in the Nominating Committee between annual elections shall not be filled.

Complier's Note: (a) On October 6, 2011 Section 1 was amended by replacing "multiple" with "single and adding the second and third sentences via BL11001 and became effective upon its adoption. (b) On May 24, 2023 Section 1 was amended to add the language "delegates of the Governing Board State qualified to vote" and was effective upon its adoption.

Section 2. Compliance Review and Interpretations Committee. The Compliance Review and Interpretations Committee has the dual responsibility for: (1) recommending rules to the Governing Board to respond to statements of non-compliance, making recommendations to the Governing Board on applications of states for compliance with the Agreement, maintaining a Compliance Review Guide, reviewing all compliance review reports to determine any needs for reassessment, recommending findings of non-compliance to the Governing Board, and fulfilling such other responsibilities as specified in the Agreement or assigned to them by the Executive Committee; and (2) making recommendations to the Governing Board on matters involving interpretations, definitions, revisions or additions to the Agreement.

The President, with the approval of the Executive Committee, shall annually appoint a Committee Chair, a Vice Chair and five committee members from the Member States of the Governing Board. Committee members must be executive or legislative branch employees of the Member State but are not required to be a delegate to the Governing Board. The Committee Chair will serve on the Executive Committee as an *ex officio* member without vote.

Complier's Note: On October 6, 2011 Section 2 was amended by adding a "vice chair" via BL11001 and became effective upon its adoption.

Section 3. Finance Committee. The Finance Committee has the responsibility to prepare an annual budget, monitor finances, review contracts, establish banking procedures and other financial policies, and to recommend cost allocations for States for the Governing Board's approval. The Secretary-Treasurer shall act as Finance Chair.

The Chair shall annually select four additional committee members to serve on the Finance Committee from the membership of the Governing Board.

Section 4. *Issue Resolution Committee.* The Issue Resolution Committee has the responsibility to promulgate rules and to implement the issue resolution process in Article X of the Agreement. The President, with the approval of the Executive Committee, shall annually appoint an Issue Resolution Committee Chair and four committee members from the Member States of the Governing Board. Committee members must be executive or legislative branch employees of the Member State but are not required to be a delegate to the Governing Board. The Committee Chair will serve on the Executive Committee as an *ex officio* member without vote.

Section 5. *Other Committees.* The President, with the approval of the Executive Committee, may establish such other standing or ad hoc committees as from time to time are deemed necessary or desirable, and may, with the approval of the Executive Committee, appoint Chairs to such Committees. These Chairs of Standing Committees will serve on the Executive Committee as an *ex officio* member without vote.

Section 6. *Open Meetings, Notice Provisions.* Except in circumstances permitted by the Agreement, all meetings of standing or *ad hoc* committees of the Governing Board shall be open meetings and shall provide for public comment.

Section 7. *Committee Vacancies.* Unless otherwise stated in these bylaws, whenever any standing committee chair's position becomes vacant between annual appointments due to resignation or loss of position within the legislative or executive branch of government, the vacancy shall be filled by the President, with the approval of the Executive Committee. In the case of incapacity or inability to serve, the President shall declare that a vacancy exists, and the Executive Committee shall act to confirm the vacancy and fill the position in the manner provided in these bylaws.

Section 8. *Voting.* All members of the Compliance Review and Interpretations Committee and the Issue Resolution Committee under this article are selected as individuals, not representatives of states, therefore, using a proxy delegate to determine a quorum or to vote is not allowed.

Complier's Note: On October 6, 2011 Section 8 was added via BL11001 and became effective upon its adoption.

Article Eight – Advisory Councils and Public Participation

A. State and Local Advisory Council.

Section 1. Purpose. The Governing Board shall create a State and Local Advisory Council to advise it on matters pertaining to the administration of the Agreement, including but not limited to, admission of states into membership, noncompliance, interpretations, and revision or additions to the Agreement. The Governing Board, working through its committees, shall solicit and consider Council positions on these matters.

The Council also provides a forum for state and local government officials not represented on the Governing Board to express their ideas and concerns and to have a formal process to bring those concerns to the Governing Board.

Section 2. Membership. The membership shall consist of one representative from each state that is a participating state of the Streamlined Sales Tax Project as outlined in the Agreement and Rule 810.2.A.

In addition, the Governing Board shall appoint one representative nominated from each of the following organizations to represent local government on the Council: U.S. Conference of Mayors, National League of Cities, National Association of Counties, and the Government Finance Officers Association.

The Governing Board may appoint other state and local officials to serve on the Council as it deems appropriate or necessary.

Compiler's Note: On October 6, 2011 Section 2 was amended to add the rule reference and to change "three" to "one" via BL11001 and became effective upon its adoption.

Section 3. Officers. The President, with the consent of the Executive Committee, shall appoint from among this group a Chair and Vice Chair of this Advisory Council to serve a one-year term. An individual may serve no more than two consecutive terms as Chair or Vice-Chair, except to fill an unexpired term. The Chair and Vice-Chair will serve as *ex officio* members of the Governing Board, without a vote.

Section 4. Rules of Operation. The Council will operate under Rules of Procedure as adopted by the Governing Board which may include establishment of committees or workgroups, decision-making processes and setting the Council agenda.

Section 5. Agenda Setting. The Council will consider and respond to those matters referred to it from the Governing Board or its committees. In addition, the Council may recommend items to the Governing Board for consideration. The Governing Board shall give due consideration to the positions of the Council.

Section 6. Relationship to Business Advisory Council. The State and Local Advisory Council shall seek the advice of and respond to the Business Advisory Council recognized pursuant to these bylaws on any item pertaining to the business community, prior to formulating a recommendation to the Governing Board or its committees.

Section 7. Quorum. A (1) majority of the membership or (2) three-fourths (3/4) majority of the local government membership and the states that the Governing Board has admitted as either a Full Member State, Contingent Member State, or Associate Member State if at least one Contingent Member State, Associate Member State, or Nonmember State is present at the meeting, shall be present, in person or electronically, to constitute a quorum and to vote. A quorum is not required to discuss business of the Council, but is required for the Council to vote.

Compiler's Note: (a) On October 6, 2011 Section 7 was added via BL11001 and became effective upon its adoption. (b) On December 18, 2020, Section 7 was amended by BL20002 to make the bylaws consistent with the Governing Board Rule 810.3.

B. Business Advisory Council.

Section 1. Purpose. The Governing Board shall recognize a Business Advisory Council to advise it on matters pertaining to the administration of the Agreement, including but not limited to, admission of states into membership, noncompliance, interpretations, and revision or additions to the Agreement. The Governing Board and its committees shall solicit and consider Council positions on these matters. The Council also provides a forum for the private business sector to express its ideas and concerns and to have a formal process to bring those concerns to the Governing Board.

Section 2. Membership. The Council must demonstrate that its membership is recruited from businesses of all sizes and industry types and is therefore representative of the national business community. The Council shall establish requirements for membership and shall be open to any business, association, or practitioner meeting those requirements. The Council's membership requirements shall be written in a manner that

allows for diverse representation of the business community. The Council shall not prohibit the admittance of any person or persons on the basis of race, religious creed, color, national origin, ancestry, sexual orientation or sex.

Section 3. *Rules of Operation and Organizational Structure.* The Council shall adopt Bylaws and Rules of Procedure that shall include establishment of a Board of Directors, and may include committees or workgroups, decision-making processes and setting the council agenda. The Board of Directors of the Council shall be representative of the diversity of its membership.

Section 4. *Officers.* The Board of Directors of the Council, in accordance with its Bylaws, will appoint such officers as it deems necessary to carry out its functions. The Board of Directors will also appoint two individuals to serve as *ex officio* members of the Governing Board, without vote.

Section 5. *Agenda Setting.* The Business Advisory Council will consider and respond to those matters referred to it from the Governing Board and its committees. In addition, the Council may recommend items to the Governing Board for consideration and response. The Governing Board shall give due consideration to the positions of the Council.

Section 6. *Relationship to State and Local Advisory Council.* The Business Advisory Council shall seek the advice of and respond to the State and Local Advisory Council on any item pertaining to the business community or tax administration prior to formulating a recommendation to the Governing Board or its committees.

C. Local Advisory Council.

Section 1. *Purpose.* The Governing Board shall recognize a Local Advisory Council to advise it on matters pertaining to the administration of the Agreement, including but not limited to, interpretations and revision or additions to the Agreement. The Governing Board and its committees shall solicit and consider Council positions on these matters. The Council also provides a forum for the local governments to express its ideas and concerns and to have a formal process to bring those concerns to the Governing Board.

Section 2. *Membership.* The Council membership shall be established by Governing Board rule. The Council shall not prohibit the admittance of any person or

persons on the basis of race, religious creed, color, national origin, ancestry, sexual orientation or sex.

Section 3. *Rules of Operation and Organizational Structure.* The Council shall adopt Bylaws and Rules of Procedure that shall include establishment of a Board of Directors, and may include committees or workgroups, decision-making processes and setting the council agenda. The Board of Directors of the Council shall be representative of the diversity of its membership.

Section 4. *Officers.* The Board of Directors of the Council, in accordance with its Bylaws, will appoint such officers as it deems necessary to carry out its functions.

Section 5. *Agenda Setting.* The Local Advisory Council will consider and respond to those matters referred to it from the Governing Board and its committees. In addition, the Council may recommend items to the Governing Board for consideration and response. The Governing Board shall give due consideration to the positions of the Council.

Section 6. *Relationship to State and Local Advisory Council and Business Advisory Council.* The Local Advisory Council shall seek the advice of and respond to the State and Local Advisory Council and the Business Advisory Council on any item pertaining to the business community or tax administration prior to formulating a recommendation to the Governing Board or its committees.

D. Public Participation. The rules of the Governing Board shall provide that members of the public, who are not members of either Council, shall have the opportunity to be heard in public hearings and may submit comments to the Governing Board.

Compiler's Note: On May 24, 2012 Subsection C was added and the previous Subsection C was renumbered D by BL12001. This amendment became effective upon its adoption.

Article Nine – Procedures for Adopting/Amending Bylaws

Section 1. *Adoption of Bylaws.* The Governing Board was formed and adopted these bylaws on October 1, 2005.

Compiler's Note: On October 6, 2011 Section 1 was amended via BL11001 to eliminate how the Board could be formed to that it was formed on October 1, 2005.

Section 2. *Bylaw Amendments.* These bylaws may be amended, repealed or altered in whole or in part by a majority of the Governing Board States qualified to vote and present and voting at any annual or special meeting of the Governing Board, providing that the amendment, repeal or alteration has been presented in writing not less than thirty days prior to giving notice of the meeting to Member States, the Business Advisory Council and the State and Local Government Advisory Council.

Compiler's Note: On May 24, 2023 Section 2 was added via BL23002A01 to add "the Governing Board States qualified to vote" language and was effective upon its adoption.

Article Ten — General Powers

Section 1. *Indemnification.* The Governing Board and Executive Committee is authorized to provide for the indemnification of damages and expenses incurred by Directors, Officers, employees of the corporation which may arise out of their defense of a legal proceeding brought against them as a result of their duties with the Governing Board.

Section 2. *Fiscal Year.* The Fiscal Year of the Corporation shall commence on the first day of July and end on the 30th day of June. The books and accounts of the Corporation for each fiscal year shall be examined and audited by Certified Public Accountants selected by the Executive Committee.

Section 3. *Waiver of Notice.* Whenever notice is required under the provisions of these bylaws, the Articles of Incorporation or the Agreement, a written waiver signed by three-fourths of the States is sufficient to supersede the requirement.

Section 4. *Non-discrimination.* The Governing Board, Officers and Directors, committee members, employees and persons served by the Corporation shall be selected entirely on a non-discriminatory basis.

Section 5. *Contracts.* The Executive Committee may authorize any officer to enter into any contract or execute and deliver any instrument in the name of and on behalf of Governing Board and such authority may be general or confined to specific instances.

Section 6. *Loans.* No loans shall be contracted on behalf of the Governing Board and no evidence of indebtedness shall be issued in its name unless authorized by the Governing Board. Such authority may be general or confined to specific instances.

Section 7. *Parliamentary Authority.* Mason's Rules of Parliamentary Procedure shall be the parliamentary authority for all matters of procedure not specifically covered by the bylaws or by specific rules of procedure adopted by the Corporation.

Article Eleven – Dissolution

In the event of the dissolution of this Corporation, the assets shall be distributed to the States in a manner to be determined by the Governing Board, or distributed to organizations whose exempt purposes are specified in Section 501(c) of the Internal Revenue Code and amendments thereto.