CERTIFICATE OF COMPLIANCE -- STATE OF ______________________

Revised January 2, 2004*

SECTION	TOPIC	DESCRIPTION	Is this requirement met by law, regulation or administrative practice (Yes or No). Enter N/A when not applicable.	If so, provide the citation for legal authority (statute, case, regulation, etc.)	For SST conforming changes, provide effective dates.	Notes (e.g., administrative practices, noncompliance explanations, etc.)
Section 301	**State level administration**					
		Does the state provide state level administration of state and local sales and use taxes?				
		Are sellers only required to register with, file returns and remit funds to a state-level authority?				
		Are local taxes collected and distributed by a single state-level authority?				
		Does the state conduct or authorize others to conduct an audit that includes both state and local taxes and prohibit independent local audits of sellers registered under the Agreement?				
Section 302	**State and local tax base**					
		Do all local jurisdictions have a common tax base? There are exceptions for motor vehicles, aircraft, watercraft, modular homes, manufactured homes and mobile homes.				
		Are the state and local tax bases identical? Note: The Agreement requires identical state and local tax bases by January 1, 2006.				
Section 303	**Seller registration**					
		Does the state participate in the multistate online registration system?				
		Are voluntary sellers registering under the multistate online registration system exempted from paying registration fees?				
Section 305	**Local rate and boundary change**					
		Does the state have local jurisdictions that levy a sales or use tax? If yes, answer the following questions.				
		A. Does the state limit the effective date of local rate changes to the first day of a calendar quarter after a minimum of 60 days notice?				

		B. Does the state limit the effective date of local rate changes from catalog sales wherein the purchaser computed the tax based on local tax rates published in the catalog only on the first day of a calendar quarter after a minimum of 120 days notice?				
		C. Does the state limit local boundary changes for the purposes of sales and use taxes to the first day of calendar quarter after a minimum of 60 days notice?				
		D. Does the state provide a database with boundary changes?				
		E. Does the state provide a database identifying rate and jurisdictional information based on 5 and 9 digit zip codes?				
		F. Does the database provided by the state apply the lowest rate in the zip code if the area includes more than one tax rate?				
		G. Does the state commit to participating with other states in development of an address-based system?				
Section 306	**Relief from certain liability**					
		Does the state relieve the seller and the CSP from liability for collecting incorrect amount of tax by relying on data provided by state on rates, boundaries, and jurisdiction assignments?				
Section 307	**Database requirements and exceptions**					
		A. Does the state provide a database per Section 305, in downloadable format?				
Section 308	**State and local tax rates**					
		A. Has the state eliminated multiple state sales and use tax rates after Dec. 31, 2005 (a single additional rate on food/food ingredients/drugs is allowed)?				
		B. Does the state have local jurisdictions that levy a sales or use tax? If yes, answer the following questions.				
		1. Do the local jurisdictions have no more than one sales tax rate or one use tax rate per local jurisdiction?				
		2. If a local jurisdiction levies both a sales tax and use tax, are the local rates identical?				
Section 310	**General sourcing rules**					
		A. Verify that each sourcing rule is followed by the state as required under Section 309.				
		1. If received at business location of seller, then sourced to that location.				

		2. If not received at business location of seller, then sourced to location of receipt.				
		3. If subsections 1 & 2 do not apply, then sourced to address of purchaser in business records of seller that are maintained in ordinary course of seller's business.				
		4. If subsections 1, 2 & 3 do not apply, then sourced to address of purchaser obtained during consummation of sale, including address of purchaser's payment instrument, if no other address is available.				
		5. If subsections 1, 2, 3 & 4 do not apply, then sourced to location from which tangible personal property was shipped, from which digital good or computer software delivered electronically was first available for transmission by seller, or from which service was provided.				
		B. Lease or rental of tangible personal property is sourced as follows:				
		1. If recurring periodic payments, then sourced the same as retail sale. Subsequent payments are sourced to the primary property location for each period covered by the payment?				
		2. If no recurring periodic payments, then sourced in accordance with rules of retail sale?				
		3. Does not affect tax based upon a lump sum or accelerated basis or property acquired for lease?				
		C. Lease or rental of motor vehicles, trailers, semi-trailers, or aircraft that do not qualify as transportation equipment shall be sourced as follows:				
		1. If recurring periodic payments, then sourced to primary property location?				
		2. If no recurring periodic payments, then sourced in accordance with rules of retail sale?				
		3. This provision does not affect tax based upon a lump sum or accelerated basis or property acquired for lease?				
		D. The retail sale, including lease or rental, of transportation equipment shall be sourced in accordance with rules for retail sale?				
		1. Has the state defined transportation equipment as required in Section 310, subsection D, of the Agreement?				

Section 311	**General sourcing definitions**						
		For purposes of Section 310, subsection A, are the terms "receive" and "receipt" defined to mean: taking possession of tangible personal property, making first use of services, or taking possession or making first use of digital goods, whichever comes first? Note: The terms "receive" and "receipt" do not include possession by a shipping company on behalf of the purchaser					
Section 312	**Multiple points of use**						
		Does the state provide that, notwithstanding Section 310, a business purchaser that does not hold a direct pay permit that knows at time of purchase that digital good, computer software delivered electronically or service will be concurrently available for use in more than one jurisdiction shall provide seller with a Multiple Points of Use Exemption Form?					
		A. Does the state relieve the seller of obligation upon receipt and purchaser incurs obligation on a direct pay basis?					
		B. Does the state allow the purchaser to use any reasonable, but consistent and uniform, method of apportionment supported by purchaser's records as of time of sale?					
		C. Does the state provide that the Multiple Points of Use Exemption form is in effect for all future sales by seller to purchaser (except apportionment), until revoked in writing?					
		D. Does the state exempt the holder of a direct pay permit from providing a Multiple Points of Use Exemption Form to the seller and allow the purchaser to use a method of apportionment as provided in subsection B?					
Section 313	**Direct mail sourcing**						
		A. Does the state provide that, notwithstanding Section 310, a purchaser of direct mail that does not hold a direct pay permit shall provide to seller a Direct Mail Form or information to show jurisdictions to which mail is delivered?					
		1. Is the seller relieved of obligation upon receipt and purchaser incurs obligation on a direct pay basis? Form remains in effect for all sales by seller to purchaser.					

		2. Does the state provide that upon receipt of delivery information, the seller shall collect tax according to purchaser's submitted information and in the absence of bad faith, seller is relieved of further liability?				
		B. Does the state provide that if the purchaser does not have direct pay permit and does not provide Direct Mail Form or delivery information, seller shall collect tax pursuant to Section 301 (A)(5) of Agreement?				
		C. Does the state provide that if purchaser provides documentation of direct pay permit, the purchaser is not required to provide a Direct Mail Form or delivery information to seller?				
Section 314	**Telecom sourcing rule**					
		Please verify that each Telecom sourcing rule is followed by the state as required under Section 314 of the Agreement.				
		A. Except for the defined telecom services in subsection C below, if sold on a call-by-call basis, then sourced to each level of taxing jurisdiction where call originates and terminates in that jurisdiction or each level of taxing jurisdiction where call either originates or terminates and in which service address is located?				
		B. Except for the defined Telecom services in subsection C below, if sold on a basis other than call-by-call basis, then sourced to customer's place of primary use?				
		C1. Is the sale of mobile telecom other than air-to-ground radiotelephone service and prepaid calling service, sourced to customer's place of primary use as required under Mobile Telecommunications Sourcing Act?				
		2. Is the sale of post-paid calling service sourced to the origination point of telecom signal as first identified by either the seller's telecom system or information received by the seller from its service provider, where system used to transport signals is not that of the seller?				
		3. Is the sale of prepaid calling service sourced in accordance with Section 310 of the Agreement?				
		4. Is the sale of a private communication service:				
		a. Service for a separate charge related to a customer channel termination point sourced to each level of jurisdiction in which such customer channel termination point is located?				

		b. Service where all customer termination points are located entirely within one jurisdiction or levels of jurisdictions sourced in such jurisdiction in which the customer channel termination points are located?				
		c. Service for segments of a channel between two customer channel termination points located in different jurisdictions and which segment of channel are separately charged sourced fifty percent in each level of jurisdiction in which the customer channel termination points are located?				
		d. Service for segments of a channel located in more than one jurisdiction or levels of jurisdiction and which segments are not separately billed sourced in each jurisdiction based on the percentage determined by dividing the number of customer channel termination points in such jurisdiction by the total number of customer channel termination points?				
Section 315	**Telecom sourcing definitions**					
		Does the state define the following terms in sourcing telecommunications:				
		A. Air-to-ground radiotelephone service?				
		B. Call-by-call basis?				
		C. Communications channel?				
		D. Customer?				
		E. Customer channel termination point?				
		F. End user?				
		G. Home service provider?				
		H. Mobile telecommunications service?				
		I. Place of primary use?				
		J. Post-paid calling service?				
		K. Prepaid calling service?				
		L. Private communication service?				
		M. Service address?				
Section 316	**Enactment of Exemptions**					
		Product-based exemptions. Can the state confirm that where the Agreement has a definition for a product or for a term that includes the product, the state exempts all items within each definition and does not tax only part of the items included within each definition?				
		Entity - and use-based exemptions. Can the state confirm that in any entity-based or use-based exemption that includes a product that is defined by the Agreement, the exemption uses the Agreement definition of the product?				
Section 317	**Administration of exemptions**					

		A. Does the state provide for the following in regard to purchasers claiming exemption:				
		1. Seller shall obtain identifying information from purchaser and reason for claiming exemption?				
		2. Purchaser is not required to provide signature, unless paper exemption certificate?				
		3. Seller shall use standard form for claiming exemption electronically?				
		4. Seller shall obtain same information for proof regardless of medium?				
		5. Seller shall maintain records of exempt transaction and provide to state when requested?				
		B. Does the state relieve the seller that follows above requirements from any tax if determined that purchaser improperly claimed exemption and hold purchaser liable? Does not apply to seller who fraudulently fails to collect or solicits purchasers to participate in unlawful claim of exemption.				
Section 318	**Uniform tax returns**					
		Does the state:				
		A. Require that only one tax return for each taxing period for each seller be filed for the state and all local jurisdictions?				
		B. Require that returns be filed no sooner than the twentieth day of the month following the month in which the transaction occurred?				
		C. Allow any Model 1, 2 or 3 seller to submit its return in a simplified format that does not include more data fields than permitted by the governing board?				
		D. Allow a seller that is registered under the Agreement, which does not have a legal requirement to register in the state, and is not a Model 1, 2 or 3 seller to file a return no more than once per year unless the seller has accumulated more than $1,000 in state and local taxes?				

Section 319	Uniform rules for remittance of funds					
		Does the state:				
		A. Require only one remittance for each return and only require additional remittance if: (1) seller collects more than $30,000 in sales and use taxes in state during preceding year, (2) the additional remittance is determined through a calculation method, and (3) the seller is not required to file additional return?				
		B. Allow for payment by both ACH Credit & ACH Debit?				
		C. Provide alternative method for "same day" payment if electronic fund transfer fails (electronic check or Fed Wire)?				
		D. Provide that if due date falls on a legal banking holiday in state, taxes due on next business day?				
		E. Require any data that accompanies remittance to be formatted using uniform tax type and payment type codes?				
Section 320	Uniform rules for recovery of bad debts					
		Does the state:				
		A. Allow a deduction for bad debts?				
		B. Use definition of bad debt in 26 U.S.C. Sec. 166 as basis with adjustment to exclude: financing charges or interest; sales or use taxes charged on purchase price; uncollectible amounts on property that remains in possession of seller until full price paid; expenses incurred in attempt to collect debt, and repossessed property?				
		C. Allow bad debts to be deducted on return for period during which bad debt is written off on books and records and is eligible be deducted for federal income tax purposes? If no federal return, use books & records and apply as if had filed federal return?				
		D. Require that, if deduction is taken and it is later collected in whole or part, tax must be reported on return for period in which collection made?				
		E. Provide that, when amount of bad debt exceeds taxable sales for period when written off, refund claim may be filed within statute of limitations (measured from due date of return on which bad debt could first be claimed)?				

		F. Where filing responsibilities assumed by CSP, allow service provider to claim, on behalf of seller, any bad debt allowance? CSP must credit or refund full amount of allowance or refund received to seller.				
		G. Provide that, for purposes of reporting payment on previously claimed bad debt, any payments made are applied first proportionately to taxable price of property or service and sales tax thereon, and secondly to interest, service charges, and any other charges?				
		H. If books and records of party support allocation among states, then permit allocation?				
Section 321	**Confidentiality and privacy protections under Model 1**					
		A. Does the state provide public notification to consumers, including exempt purchasers, of state's practices relating to collection, use and retention of personally identifiable information?				
		B. Does the state provide that when any personally identifiable information is no longer required for purposes in subsection (D)(4), such information shall no longer be retained by state?				
		C. Does the state provide that when personally identifiable information regarding an individual is retained by or on behalf of state, state shall provide reasonable access to information by such individual and a right to correct inaccurate information?				
		D. Does the state provide that if anyone other than a member state or person authorized by state law or Agreement, seeks to discover personally identifiable information, state should make reasonable and timely effort to notify individual of request?				
		E. Is the state's privacy policy subject to enforcement by state's AG or other appropriate government authority?				
Section 322	**Sales tax holidays**					
		A. Does the state allow for sales tax holidays? If yes, does the state:				
		1. Limit the holiday exemptions after December 31, 2004, to items that are specifically defined in Agreement and exemptions are uniformly applied?				
		2. Provide notice of holiday at least 60 days prior to first day of calendar quarter in which holiday will begin?				

		B. Does the state use price thresholds during a holiday? If yes, does the state:				
		1. Provide that the threshold established by state includes only items priced below threshold?				
		2. Confirm that the state does not exempt only a portion of the price of an individual item during holiday?				
		C. Does the state meet procedural requirements for holidays? If yes, does the state provide procedures for:				
		1. Layaway sales?				
		2. Bundled sales?				
		3. Coupons and discounts?				
		4. Splitting of items normally sold together?				
		5. Rain checks?				
		6. Exchanges?				
		7. Delivery charges?				
		8. Order date and back orders?				
		9. Returns?				
		10. Different time zones?				
Section 323	**Caps and thresholds**					
		A. Does the state:				
		1. Eliminate all caps or thresholds on application of rates or exemptions that are based on value of transaction or item after December 31, 2005? OK until that date.				
		2. Eliminate all caps that are based on application of rates unless the application of rates are administered in a manner that places no additional burden on retailer?				
		B. Does the state that has local jurisdictions that levy sales or use tax eliminate caps or thresholds on application of rates or exemptions that are based on value of transaction or item after December 31, 2005? OK until that date.				
Section 324	**Rounding rule**					
		A. Does the state provide that the tax computation must be carried to the third decimal place after December 31, 2005.				
		B. Does the state provide that the tax must be rounded to a whole cent using a method that rounds up to next cent whenever third decimal place is greater than four after December 31, 2005.				
		C. Does the state allow sellers to elect to compute tax due on a transaction, on a item or invoice basis, and shall allow rounding rule to be applied to aggregated state and local taxes?				
		D. Can the state confirm that it has repealed any requirements for sellers to collect tax on bracket system?				

Section 325	**Customer refund procedures**					
		A. Does the state provide that a cause of action against seller does not accrue until purchaser has provided written notice to seller and seller has had 60 days to respond? Notice must contain information necessary to determine validity of request.				
		B. Does the state provide for uniform language in regard to presumption of a reasonable business practice when seller: I) uses either a provider or a system, including a proprietary system, that is certified by the state; and ii) has remitted to state all taxes collected, less deductions, credits or collection allowances?				
Section 326	**Direct pay permits**					
		Does the state provide for a direct pay authority?				
Section 327	**Library of definitions**					
		Does the state use common definitions as provided in Section 327 of the Agreement and set out in the Library of Definitions in Appendix C?				
		A. If term defined in Library appears in state's statutes, rules or regulations, does the state adopt definition in substantially same language?				
		B. Can the state confirm that it does not use a Library definition that is contrary to meaning of Library definition?				
		C. Except as provided in Section 316 and Library, can the state confirm that it imposes tax on all products and services included within each definition or exempt from tax all products or services within each definition?				
Section 328	**Taxability matrix**					
		A. Has the state completed its taxability matrix in the downloadable format approved by Governing Board?				
		B. Has the state relieved sellers and CSP from liability to state and its local jurisdictions for having charged and collected incorrect tax resulting from erroneous data in matrix?				
Section 329	**Effective date for rate changes**					
		Does the state provide that the effective date of rate changes for services covering a period starting before or ending after statutory effective date shall be as follows:				
		1. For rate increase, new rate shall apply to first billing period starting on or after effective date?				

		2. For rate decrease, new rate shall apply to bills rendered on or after effective date?				
Section 401	**Seller participation**					
		A. Does the state participate in the Governing Board's online registration system?				
		B. Does the state provide that it will not use registration with central registration system and collection of taxes in member states in determining whether seller has nexus with state for any tax at any time?				
Section 402	**Amnesty for registration**					
		A. Subject to limitations in this section:				
		1. Does the state provide amnesty to seller who registers to pay or collect and remit applicable tax in accordance with Agreement, provided seller was not so registered in state in 12-month period preceding effective date of state's participation in agreement?				
		2. Does the state provide that amnesty will preclude assessment for tax together with penalty and interest for sales made during period seller was not registered in state, provided registration occurs within 12 months of effective date of state's participation in Agreement?				
		3. Does the state provide that Amnesty shall be provided when that state joins Agreement after seller has registered?				
		B. Does the state provide that amnesty is not applicable to seller if notice of audit is received and audit is not yet resolved, including any related administrative and judicial processes?				
		C. Does the state provide that amnesty is not applicable to taxes already paid to state or collected by seller?				
		D. Does the state provide that amnesty is fully effective, absent fraud or misrepresentation of material fact, as long as seller continues registration and continues payment of taxes for period of at least 36 months? State shall toll statute applicable to asserting a tax liability during 36 month period.				
		E. Does the state provide that amnesty is applicable only to taxes due from seller in capacity as seller and not in capacity as buyer?				
Section 403	**Method of remittance**					
		Does the state provide that a seller may select one of the technology models:				

		A. Model 1-seller selects CSP as agent to perform all functions except remit tax on its own purchases?				
		B. Model 2-seller selects CAS which calculates amount of tax due?				
		C. Model 3-seller utilizes own proprietary system that has been certified as a CAS?				
Section 404	**Registration by an agent**					
		Does the state provide that a seller may be registered by agent?				
Section 501	**Provider and System Certification**					
		A. Does state law provide for provider and system certification to aid in the administration of sales and use tax collection?				
Section 601	**Monetary allowance under Model 1**					
		A. Does state law provide for a monetary allowance of CSPs as may be required in accordance with the terms of a contract between the Governing Board and the CSP?				
		B. Does state law provide for a percentage of revenue monetary allowance for a voluntary seller's registration through a CSP for a period not to exceed 24 months?				
Section 602	**Monetary allowance for Model 2 sellers**					
		A. Does state law provide for a monetary allowance for Model 2 sellers as may be required by the Governing Board?				
		B. Does state law provide for a percentage of revenue monetary allowance for a period not to exceed 24 months for a voluntary seller's registration?				
Section 603	[illegible]					
		A. Does state law provide for a percentage of revenue monetary allowance for a period not to exceed 24 months for a voluntary Model 3 seller's registration and all other sellers that are not using Models 1, 2, or 3?				
		APPENDIX C: LIBRARY OF DEFINITIONS				

		Please verify for each item [illegible] the [illegible] the item is not applicable in your state, answer "N/A"				
Part I	**Administrative definitions**					
		1. Delivery charges				
		a. If a shipment includes exempt property and taxable property, the seller allocates the delivery charge by using a percentage based on the sales price or a percentage based on weight. The seller taxes the percentage of the delivery charge allocated to taxable property but does not tax the percentage of the delivery charge allocated to the exempt property.				
		2. Direct mail				
		3. Lease or rental				
		4. Purchase price				
		5. Retail sale or Sale at retail				
		6. Sales price				
		7. Tangible personal property				
Part II	**Product definitions**					
		CLOTHING				
		Clothing accessories or equipment				
		Protective equipment				
		Sport or recreational equipment				
		COMPUTER RELATED				
		Computer				
		Computer software				
		Delivered electronically				
		Electronic				
		Load and leave				
		Prewritten computer software				
		FOOD AND FOOD PRODUCTS				
		Alcoholic Beverages				
		Candy				
		Dietary supplement				
		Food and food ingredients				
		Food sold through vending machines				
		Prepared food				
		Soft drinks				
		Tobacco				
		HEALTH-CARE				
		Drug				
		Durable medical equipment				
		Grooming and hygiene products				
		Mobility enhancing equipment				
		Over-the-counter-drug				
		Prescription				

		Prosthetic device				
Part III	**Sales Tax Holiday Definitions**					
		Eligible property				
		Layaway sale				
		Rain check				

Notes:

The Certificate of Compliance was revised on January 2, 2004, to reflect amendments to the Agreement as approved by the Streamlined Sales Tax Implementing States on November 19, 2003. These include holiday procedures in Section 322 of the Agreement and the definition of delivery charges in Appendix C, Part 1, of the Agreement.

Certificate of Compliance Attestation

As the chief executive of the state's tax agency, I declare that this Certificate of Compliance is true, correct, and complete to the best of my knowledge and belief.

____
Signature

____
Title

____
State

____
Date