

STREAMLINED SALES AND USE TAX AGREEMENT

PETITION FOR MEMBERSHIP

WHEREAS, it is in the interest of the private sector and of state and local governments to simplify and modernize sales and use tax administration;

WHEREAS, such simplification and modernization will result in a substantial reduction in the costs and complexity for sellers of personal property and services in conducting their commercial enterprises;

WHEREAS, such simplification and modernization will also result in additional voluntary compliance with the sales and use tax laws;

WHEREAS, such simplification and modernization of sales and use tax administration is best conducted in cooperation and coordination with other states; and

WHEREAS, the State of **NORTH DAKOTA** levies a sales tax and levies a use tax.

“Sales tax” means the tax levied under North Dakota Century Code, Chapter 57-39.2, and “use tax” means the tax levied under North Dakota Century Code, Chapter 57-40.2; and which are supported by North Dakota Century Code, Chapter 57-39.4 (Streamlined Sales and Use Tax Agreement).

NOW, the undersigned representative hereby petitions the governing board of the Streamlined Sales and Use Tax Agreement (or Co-Chairs of the Streamlined Sales Tax Implementing States) for membership into the Agreement.



Rick Clayburgh, State Tax Commissioner
**OFFICE OF STATE TAX COMMISSIONER
STATE OF NORTH DAKOTA**

DATED: February 28, 2005

STREAMLINED SALES TAX COMPLIANCE CHECKLIST

State: North Dakota (2/28/2005)

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?	YES	57-39.4-02 11-09.1-05(2)(a) 40-05.1-06(16)(a)	1/1/2006	
		Are sellers only required to register with, file returns and remit funds to a state-level authority?	YES	57-39.4-02 57-01-02.1(4) 11-09.1-05(2)(d) 40-05.1-06(16)(d)	1/1/2006	
		Are local taxes collected and distributed by a single state-level authority?	YES	57-39.4-02 57-01-02.1(2)	1/1/2006	
		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?	YES	57-39.4-02 57-01-02.1(4)	1/1/2006	<i>To include statement in City/State Contracts.</i>
Section 302	State and local tax base					
		Do all jurisdictions have a common tax base? There are exceptions for motor vehicles, aircraft, watercraft, modular homes, manufactured homes and mobile homes.	YES	57-39.4-03 11-09.1-05(2)(a) 40-05.1-06(16)(a)	1/1/2006	
		Are the state and local tax bases identical? Note: The Agreement requires identical state and local tax bases by January 1, 2006.	YES	57-39.4-03 11-09.1-05(2)(a) 40-05.1-06(16)(a)	1/1/2006	
	Seller					

Section 303	registration					
		Does the state participate in the multistate online registration system?	YES	57-39.4-04 57-39.2-14(1)	1/1/2006	<i>North Dakota is participant in development of online registration system.</i>
		Are voluntary sellers registering under the multistate online registration system exempted from paying registration fees?	YES	57-39.4-04(2)	1/1/2006	<i>North Dakota does not impose registration fees on registrants.</i>
Section 305	Local rate and boundary change					
		Does the state have local jurisdictions that levy a sale or use tax? If yes, answer the following questions.	YES			
		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?	YES	57-39.4-06(1) 11-09.1-05(2)(b) 40-05.1-06(16)(b)	1/1/2006	
		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?	YES	57-39.4-06(2) 11-09.1-05(2)(b) 40-05.1-06(16)(b)	1/1/2006	
		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?	YES	57-39.4-06(3)	1/1/2006	
		D. Does the state provide a database with boundary changes?	YES	57-39.4-06(4)	1/1/2006	<i>North Dakota GIS system located on Tax Department website, continuing development of database that will assign zip code to jurisdiction.</i>
		E. Does the state provide a database identifying rate and jurisdictional information based on 5 and 9 digit zip codes?	YES	57-39.4-06(6)	1/1/2006	
		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?	YES	57-39.4-06(6)	1/1/2006	
		G. Does the state commit to participating with other states in development of an address-based				

		system?	YES	57-39.4-06(7)	1/1/2006	
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?	YES	57-39.4-07 57-39.2-31	1/1/2006	
Section 307	Database requirements and exceptions					
		A. Does the state provide a database per Section 305, in downloadable format?	YES	57-39.4-08	1/1/2006	<i>Database currently under development – anticipate being available 1/1/06</i>
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)?	YES	57-39.4-09(1) 57-39.2-02.1 57-40.2-02.1	1/1/2006	Proposed 2005 SSTP legislation – removing 1% sales tax on lodging. <i>Carve-outs: mobile homes (3%), natural gas (2%), motor vehicle rental (3%)</i>
		B. Does the state have local jurisdictions that levy a sales and use tax? If yes, answer the following questions.	YES	57-39.4-09(2) 11-09.1-05(2)(a) 40-05.1-06(16)(a)	1/1/2006	
		1. Do the local jurisdictions have no more than one sales tax rate or one use tax rate per local jurisdiction?	YES	57-39.4-09(2) 11-09.1-05(2)(a) 40-05.1-06(16)(a)	1/1/2006	
		2. If a local jurisdiction levies both a sales tax and use tax, are the local rates identical?	YES	57-39.4-09(2) 11-09.1-05(2)(a) 40-05.1-06(16)(a)	1/1/2006	
Section 310	General sourcing rules					
		A. Verify that each sourcing rule is followed by the state as required under Section 309.	YES	57-39.4-10 57-39.2-29	1/1/2006	<i>Sourcing guideline to be prepared prior to 12/31/05 – to apply to Section 310, 311, 312, 313, 314, and 315.</i>
		1. If received at business location of seller, than sourced to that location.	YES	57-39.4-10 57-39.4-11(1)(a) 57-32.2-29	1/1/2006	
		2. If not received at business location of seller, then sourced to location of receipt.	YES	57-39.4-10 57-39.4-11(1)(b) 57-39.2-29	1/1/2006	
		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.	YES	57-39.4-10 57-39.4-11(1)(c) 57-39.2-29	1/1/2006	
		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.	YES	57-39.4-10 57-39.4-11(1)(d) 57-39.2-29	1/1/2006	
		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.	YES	57-39.4-10 57-39.4-11(1)(e) 57-39.2-29	1/1/2006	
		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?	YES	57-39.4-10 57-39.4-11(2)(a)	1/1/2006	
		2. If no recurring payments, then sourced in accordance with rules of retail sale?	YES	57-39.4-10 57-39.4-11(2)(b)	1/1/2006	
		3. Does not affect tax based upon a lump sum or accelerated basis or property acquired for lease?	YES	57-39.4-10 57-39.4-11(2)(c)	1/1/2006	
		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?	YES	57-39.4-10 57-39.4-11(3)(a)	1/1/2006	
		2. If no recurring periodic payments, then sourced in accordance with rules of retail sale?	YES	57-39.4-10 57-39.4-11(3)(b)	1/1/2006	
		3. This provision does not affect tax based upon a lump sum or				

		accelerated basis of property acquired for lease?	YES	57-39.4-10 57-39.4-11(3)(c)	1/1/2006	
		D. The retail sale, including lease or rental, of transportation equipment shall be sourced in accordance with rules for retail sale.	YES	57-39.4-10 57-39.4-11(4)	1/1/2006	
		1. Has the state defined transportation equipment as required in Section 310, subsection D, of the Agreement?	YES	57-39.4-10 57-39.4-11(4)(a)(b)(c)(d)	1/1/2006	
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 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.	YES	57-39.4-11 57-39.4-12(1)(2)(3) 57-39.2-29	1/1/2006	
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?	YES	57-39.4-13 57-39.2-29	1/1/2006	<i>Implementation of Multiple Point of Use Form (Newsletter-2005)</i>
		A. Does the state relieve the seller of obligation upon receipt and purchaser incurs obligation on a direct pay basis?	YES	57-39.4-13(1) 57-39.2-29(1)	1/1/2006	
		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?	YES	57-39.4-13(2) 57-39.2-29(2)	1/1/2006	
		C. Does the state provide that the Multiple Points of Exemption form is in effect for all future sales by seller to purchaser (except apportionment) until revoked in writing?	YES	57-39.4-13(3) 57-39.2-29(3)	1/1/2006	
		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?	YES	57-39.4-13(4) 57-39.2-29(4)	1/1/2006	
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?	YES	57-39.4-14	1/1/2006	<i>Implementation of Direct Mail Form (Newsletter – 2005)</i>
		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.	YES	57-39.4-14(1)(a)	1/1/2006	
		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?	YES	57-39.4-14(1)(b)	1/1/2006	
		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?	YES	57-39.4-14(2)	1/1/2006	
		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?	YES	57-39.4-14(3)	1/1/2006	
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?	YES	57-39.4-15	1/1/2006	
		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?	YES	57-39.4-15(1)	1/1/2006	
		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?	YES	57-39.4-15(2)	1/1/2006	
		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?	YES	57-39.4-15(3)(a) 57-34.1-03	1/1/2006	
		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?	YES	57-39.4-15(3)(b)	1/1/2006	
		3. Is the sale of prepaid calling service sourced in accordance with Section 310 of the Agreement?	YES	57-39.4-15(3)(c) 57-39.4-11	1/1/2006	
		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?	YES	57-39.4-15(3)(d)(1)	1/1/2006	
		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?	YES	57-39.4-15(3)(d)(2)	1/1/2006	
		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?	YES	57-39.4-15(3)(d)(3)	1/1/2006	
		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?	YES	57-39.4-15(3)(d)(4)	1/1/2006	
Section 315	Telecom sourcing definitions					
		Does the state define the following terms in sourcing telecommunication?				
		A. Air-to-ground radiotelephone service?	YES	57-39.4-16(1)	1/1/2006	
		B. Call-by-call basis?	YES	57-39.4-16(2)	1/1/2006	
		C. Communications channel?	YES	57-39.4-16(3)	1/1/2006	
		D. Customer?	YES	57-39.4-16(4)	1/1/2006	
		E. Customer channel termination point?	YES	57-39.4-16(5)	1/1/2006	
		F. End user?	YES	57-39.4-16(6)	1/1/2006	

		G. Home service provider?	YES	57-39.4-16(7)	1/1/2006	
		H. Mobile telecommunications service?	YES	57-39.4-16(8)	1/1/2006	
		I. Place of primary use?	YES	57-39.4-16(9)	1/1/2006	
		J. Post-paid calling service?	YES	57-39.4-16(10)	1/1/2006	
		K. Prepared calling service?	YES	57-39.4-16(11)	1/1/2006	
		L. Private communication service?	YES	57-39.4-16(12)	1/1/2006	
		M. Service address?	YES	57-39.4-16(13)(a)(b)(c)	1/1/2006	
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?	YES	* 57-39.2-04.1 Food and food ingredients	1/1/2006	
		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?	YES	* 57-39.2-04(7) Drug[57-39.2-01(5)] Prescription[57-39.2-01(12)] * 57-39.2-04(11) Drug[57-39.2-01(5)] * 57-39.2-04(26) Durable medical equipment Mobility enhancing equip Prosthetic device	1/1/2006	
Section 317	Administration of exemptions					
		A. Does the state provide for the following in regard to purchasers claiming exemption:				<i>Prepare guideline addressing administration of exemptions prior to 12/31/05</i>
		1. Seller shall obtain identifying information from purchaser and reason for claiming exemption?	YES	57-39.4-18(1)(a)	1/1/2006	
		2. Purchaser is not required to provide signature, unless paper exemption certificate?	YES	57-39.4-18(1)(b)	1/1/2006	
		3. Seller shall use standard form for claiming exemption electronically?	YES	57-39.4-18(1)(c)	1/1/2006	
		4. Seller shall obtain same information for proof regardless of medium?	YES	57-39.4-18(1)(d)	1/1/2006	

		5. Seller shall maintain records of exempt transaction and provide to state when requested?	YES	57-39.4-18(1)(e)	1/1/2006	
		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 solicit purchasers to participate in unlawful claim of exemption.	YES	57-39.4-18(2)	1/1/2006	
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?	YES	57-39.4-19(1) 57-39.2-11(1)	1/1/2006	
		B. Require that returns be filed no sooner than the twentieth day of the month following the month in which the transaction occurred?	YES	57-39.4-19(2) 57-39.2-11(1)	1/1/2006	
		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?	YES	57-39.4-19(3)	1/1/2006	
		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 sellers to file a return no more than once per year unless the seller has accumulated more than \$1,000 in state and local taxes?	YES	57-39.4-19(4)	1/1/2006	
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 tax 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?	YES	57-39.4-20(1)	1/1/2006	
		B. Allow for payment by both ACH Credit and ACH Debit?	YES	57-39.4-20(3) 57-39.2-11(1)	1/1/2006	
		C. Provide alternative method for "same day" payment if electronic fund transfer fails (electronic check or Fed Wire)?	YES	57-39.4-20(4) 57-39.2-11(1)	1/1/2006	
		D. Provide that if due date falls on a legal banking holiday in state, taxes due on next business day?	YES	57-39.4-20(5) 81-01.1-01-02.1(1)	1/1/2006	
		E. Require any data that accompanies remittance to be formatted using uniform tax type and payment type codes?	YES	57-39.4-20(6) 57-39.2-11(1)	1/1/2006	
Section 320	Uniform rules for recovery of bad debts					
		Does the state:				
		A. Allow a deduction for bad debts?	YES	57-39.4-21(1) 57-39.2-05	1/1/2006	
		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 remain in possession of seller until full price paid; expenses incurred in attempt to collect debt and repossessed property?	YES	57-39.4-21(2)	1/1/2006	
		C. Allow bad debts to be deducted on return for period during which bad debt is written off on books and record and is eligible to be deducted for federal income tax purposes? If no federal return, use books and records and apply as if had filed federal return?	YES	57-39.4-21(3) 57-39.2-05(1)	1/1/2006	
		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?	YES	57-39.4-21(4) 57-39.2-05(1)	1/1/2006	

		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)?	YES	57-39.4-21(5)	1/1/2006	
		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?	YES	57-39.4-21(6) 57-39.2-05(1)	1/1/2006	
		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?	YES	57-39.4-21(7)	1/1/2006	
		H. If books and records of party support allocation among states, then permit allocation?	YES	57-39.4-21(8)	1/1/2006	
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?	YES	57-39.4-22 57-39.2-32	1/1/2006	
		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 in state?	YES	57-39.4-22(6)	1/1/2006	
		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?	YES	57-39.4-22(7)	1/1/2006	
		D. Does the state provide that if anyone other than member state or person authorized by state law or Agreement, seeks to discover personally identifiable information, state should made reasonable and timely effort to notify individual of request?	YES	57-39.4-22(8)	1/1/2006	
		E. Is the state's privacy policy subject to enforcement by state's AG or other appropriate government authority?	YES	57-39.4-22(9)	1/1/2006	
Section 322	Sales tax holidays					
		A. Does the state allow for sales tax holidays? If yes, does the state:	NO			<i>North Dakota adopted section 322 (NDCC 57-39.2-2). Should sales tax holidays be approved statutorily, state will adopt required definitions at that time.</i>
		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 individual items during holiday?				
		C. Does the state meet procedural requirements of the Agreement? If yes, does the state provide procedures for:				
		1. Layaway sales?				

		2. Bundles 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 and thresholds on application of rates or exemptions that are based on value of transaction or item after December 31, 2005? OK until that date.	YES	57-39.4-24(1)(a)	1/1/2006	
		2. Eliminate all caps that are based on application of rates unless the applications of rates are administered in a manner that places no additional burden on retailer?	YES	57-39.4-24(1)(b)	1/1/2006	
		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.	YES	57-39.4-24(2) 11-09.1-05(2)(c) 40-05.1-06(16)(c)	1/1/2006	
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.	YES	57-39.4-25(1)(a) 57-39.2-08.2(1)	1/1/2006	<i>Newsletter/Memorandum notification prior to 12/31/05</i>
		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.	YES	57-39.4-25(1)(b) 57-39.2-08.2(1)	1/1/2006	
		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?	YES	57-39.4-25(2) 57-39.2-08.2(1)	1/1/2006	
		D. Can the state confirm that it has repealed any requirements for sellers to collect tax on bracket system?	YES	57-39.4-25(2) 57-39.2-08.2	1/1/2006	
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.	YES	57-39.4-26(3)	1/1/2006	
		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?	YES	57-39.4-26(4)	1/1/2006	
Section 326	Direct pay permits					
		Does the state provide for a direct pay authority?	YES	57-39.4-27 57-39.2-14.1	1/1/2006	
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?	YES	57-39.4-28	1/1/2006	
		A. If term defined in Library appears				

		in state's statutes, rules or regulations, does the state adopt definition in substantially same language?	YES	57-39.4-28(1)	1/1/2006	
		B. Can the state confirm that it does not use a Library definition that is contrary to meaning of Library definition?	YES	57-39.4-28(2)	1/1/2006	
		C. Except as provide 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?	Yes	57-39.4-28(3)	1/1/2006	
Section 328	Taxability matrix					
		A. Has the state completed its taxability matrix in the downloadable format approved by Governing Board?	NO	57-39.4-29(1)	1/1/2006	<i>Taxability Matrix draft completed, downloadable format to be available by 12/31/2005.</i>
		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?	YES	57-39.4-29(2)	1/1/2006	
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 and 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?	YES	57-39.4-30(1)	1/1/2006	
		2. For rate decrease, new rate shall apply to bills rendered on or after effective date?	YES	57-39.4-30(2)	1/1/2006	
Section 401	Seller participation					
		A. Does the state participate in the Governing Board's online registration system?	YES	57-39.2-14(1)	1/1/2006	<i>North Dakota is participant in SSTP project and actively working toward use of on-line registration system.</i>

		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?	YES	57-39.2-14(1)	1/1/2006	
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 receding effective date of state's participation in agreement?	YES	57-39.4-01	1/1/2006	<i>Streamlined Registration Guideline prior to 12/31/05</i>
		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?	YES	57-39.4-01	1/1/2006	
		3. Does the state provide that Amnesty shall be provided when that state joins Agreement after seller has registered?	YES	57-39.4-01	1/1/2006	
		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?	YES	57-39.4-01	1/1/2006	
		C. Does the state provide that amnesty is applicable to taxes already paid to state or collected by seller?	YES	57-39.4-01	1/1/2006	
		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.	YES	57-39.4-01	1/1/2006	
		E. Doe the state provide that amnesty is applicable only to taxes due from seller in capacity as seller and not in capacity as buyer?	YES	57-39.4-01	1/1/2006	
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?	YES	57-39.4-01	1/1/2006	
		B. Model 2-seller selects CAS which calculates amount of tax due?	YES	57-39.4-01	1/1/2006	
		C. Model 3-seller utilizes own proprietary system that has been certified as a CAS?	YES	57-39.4-01	1/1/2006	
Section 404	Registration by an agent					
		Does the state provide that a seller may be registered by an agent?	YES	57-39.4-01 57-39.2-14(1)	1/1/2006	
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?	YES	57-39.4-01	1/1/2006	
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?	YES	57-39.4-01	1/1/2006	Terms to be defined.
		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?	YES	57-39.4-01	1/1/2006	Terms to be defined.

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?	YES	57-39.4-01	1/1/2006	Terms to be defined.
		B. Does state law provide for a percentage of revenue monetary allowance for a period not to exceed 24 months for a voluntary seller registration?	YES	57-39.4-01	1/1/2006	Terms to be defined.
Section 603	Monetary allowance for Model 3 sellers and all other sellers that are not under Models 1 or 2					
		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?	YES	57-39.4-01	1/1/2006	Terms to be defined.
		APPENDIX C – LIBRARY OF DEFINITIONS				
		Please verify for each item that the state uses the definition provided by the Agreement. If the item is not applicable in your state, answer "N/A."				
Part I	Administrative definitions					
		1. Delivery charges	YES	57-39.2-01(4)	1/1/2006	2005 Proposed Legislation
		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.	YES			<i>Update Freight Guideline prior to 12/31/2005.</i>
		2. Direct mail	YES			Proposed 2005 Legislation.
		3. Lease or rental	YES	57-39.2-01(9)	1/1/2006	
		4. Purchase price	YES	57-40.2-01(4)	1/1/2006	
		5. Retail sale or Sale at retail	YES	57-39.2-01(14)	1/1/2006	
		6. Sales price	YES	57-39.2-01(8)	1/1/2006	
		7. Tangible personal property	YES	57-39.2-01(18)	1/1/2006	
Part II	Product definitions					
		CLOTHING				
		Clothing accessories or equipment	NA			
		Protective equipment	NA			
		Sport or recreational equipment	NA			
		COMPUTER RELATED				
		Computer	YES	57-39.2-02.1(1)(h)(1)	1/1/2006	
		Computer software	YES	57-39.2-02.1(1)(h)(2)	1/1/2006	
		Delivered electronically	YES	57-39.2-02.1(1)(h)(3)	1/1/2006	
		Electronic	YES	57-39.2-02.1(1)(h)(4)	1/1/2006	
		Load and leave	YES	57-39.2-02.1(1)(h)(5)	1/1/2006	
		Prewritten computer software	YES	57-39.2-02.1(1)(h)(6)	1/1/2006	
		FOOD AND FOOD PRODUCTS				
		Alcoholic Beverages	YES	57-39.2-04.1(2)(a)	1/1/2006	
		Candy	YES	57-39.2-04.1(2)(b)	1/1/2006	
		Dietary supplement	YES	57-39.2-04.1(2)(c)	1/1/2006	
		Food and food ingredients	YES	57-39.2-04.1	1/1/2006	
		Food sold through vending machines	NA			
		Prepared food	YES	57-39.2-04.1(2)(d)(e)	1/1/2006	
		Soft drinks	YES	57-39.2-04.1(2)(f)	1/1/2006	
		Tobacco	YES	57-39.2-04.1(2)(g)	1/1/2006	
		HEALTH-CARE				
		Drug	YES	57-39.2-01(5)	1/1/2006	
		Durable medical equipment	YES	57-39.2-04(26)(a)	1/1/2006	
		Grooming and hygiene products	NA			
		Mobility enhancing equipment	YES	57-39.2-04(26)(b)	1/1/2006	
		Over-the-counter-drug	NA			
		Prescription	YES	57-39.2-01(12)	1/1/2006	
		Prosthetic device	YES	57-39.2-04(26)(c)	1/1/2006	
	Sales Tax					

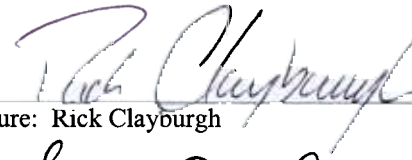
Part III	Holiday	Definitions				
		Eligible property	YES	57-39.4-23(3)	1/1/2006	<i>Administrative ruling or guideline to be prepared prior to 12/31/2005.</i>
		Layaway sale	YES	57-39.4-23(3)	1/1/2006	<i>Administrative ruling or guideline to be prepared prior to 12/31/2005.</i>
		Rain check	YES	57-39.4-23(3)	1/12006	<i>Administrative ruling or guideline to be prepared prior to 12/31/2005.</i>

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 18, 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

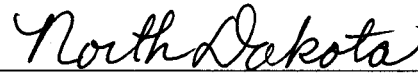
As the chief executive of the state's tax agency, I declare that this Certificate of Compliance is true, correct, and complete to the best of my knowledge and belief.



Signature: Rick Clayburgh



Title: State Tax Commissioner



State: North Dakota



Date: February 28, 2005

CERTIFICATE OF MAILING AND SERVICE

I, Gary L. Anderson, certify that on February 28, 2005, I caused to be mailed first class, postage prepaid, original copies of the North Dakota Petition for Membership in the Streamlined Sales and Use Tax Agreement and the North Dakota Certificate of Compliance to:

Scott Peterson, Interim Executive Director
SST Conforming States Committee
C/o Federation of Tax Administrators
444 North Capitol Street, N.W., Suite 348
Washington, D.C. 20001

I, Gary L. Anderson, further certify that on February 28, 2005, I caused to be delivered electronically true and correct copies of the North Dakota Petition for Membership in the Streamlined Sales and Use Tax Agreement and the North Dakota Certificate of Compliance to the Co-Chairs of the Streamlined Sales Tax Implementing States, Senator Angela Monson, Oklahoma State Senate at her e-mail address monsoon@lsb.state.ok.us , and Commissioner Bruce Johnson, Utah Tax Commission at his e-mail address RBJOHNSON@utah.gov.

I, Gary L. Anderson, further certify that on February 28, 2005, I caused to be delivered electronically true and correct copies of the North Dakota Petition for Membership in the Streamlined Sales and Use Tax Agreement and the North Dakota Certificate of Compliance to the state members listed on the Petition for Membership Distribution List at the email addresses provided.



Gary L. Anderson