



OFFICE OF STATE TAX COMMISSIONER
STATE OF NORTH DAKOTA

Cory Fong
TAX COMMISSIONER

August 10, 2010

Mr. Scott Peterson, Executive Director
Streamlined Sales Tax Governing Board
4205 Hillsboro Pike
Hobbs Building, Ste 305
Nashville, TN 37215-3339

Re: 2010 SST Recertification of Compliance

Dear Mr. Peterson:

North Dakota holds legislative sessions in odd numbered years and, therefore, did not have an opportunity to update its laws to reflect changes in the Streamlined Sales and Use Tax Agreement approved in the past year. As a result, North Dakota is not in compliance in three areas. Two of the areas of noncompliance result from Agreement amendments approved in September 2009. The third area of noncompliance results from a Compliance Review and Interpretation opinion that has not yet been reviewed by the Governing Board. Enclosed are North Dakota's updated *Certificate of Compliance* and *Taxability Matrix*. These documents are posted to the Tax Commissioner's website at www.nd.gov/tax/salesanduse/streamlinetax/.

The three areas of noncompliance are as follows:

1. Section 313: Direct Mail Sourcing. Legislation will be introduced in the 2011 legislative session to incorporate the sourcing provisions for "advertising and promotional direct mail" and "other direct mail" as approved by the Governing Board in September 2009.
2. Section 318: Uniform Tax Returns. Legislation will be introduced in the 2011 Legislative session to adopt all the new provisions in Section 318 as approved by the Governing Board in September 2009.
3. Paging Service Definition: During the 2009 recertification process, an issue surfaced regarding one-way paging service. North Dakota was one of several states that distinguished between one-way and two-way paging. The Governing Board did not consider the paging definition during the 2009 recertification process, however, the Board asked the State and Local Advisory Council (SLAC) to research the issue and

Mr. Scott Peterson

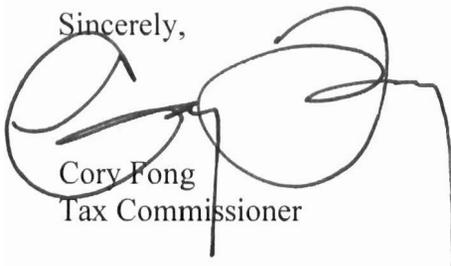
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make a recommendation to the Compliance Review and Interpretation Committee (CRIC). Based on the research completed by SLAC, CRIC has recommended that the Governing Board take no further action regarding the paging service definition. If the Governing Board approves this recommendation, states will be required to tax or exempt all paging services. North Dakota will make the appropriate law or rule change regarding paging services after the Board takes action.

If you have any questions regarding North Dakota's recertification, please contact Myles Vosberg, Director of Tax Administration.

Sincerely,

A handwritten signature in black ink, appearing to read "Cory Fong", written over a light gray rectangular background. The signature is fluid and cursive, with a large loop at the end of the last name.

Cory Fong
Tax Commissioner

Enclosures