

AGREEMENT TO ENGAGE IN COMPLIANCE
ACTIVITIES BY THE CITY/TOWN OF
Norman, Oklahoma

THIS AGREEMENT is entered into this 13th day of November, 2012, pursuant to the provisions of Section 2702 E of Title 68 of the Oklahoma Statutes, between the Oklahoma Tax Commission, hereinafter referred to as "Commission", and the City/Town of Norman, Oklahoma, hereinafter referred to as "Municipality", to authorize Municipality to engage in compliance activities as hereinafter defined.

Definitions

The following words and terms, when used in this Agreement, shall have the following meaning, unless the context clearly indicates otherwise:

"Agent" means an employee of the Municipality or person or entity acting under contract with the Municipality and certified by the Commission as an agent for the purpose of compliance activities as set out in this agreement except for municipal criminal prosecution.

"Compliance activities" means all actions to assist or induce a delinquent seller to comply with applicable laws, rules and regulations, to accurately and timely collect, source, report and remit sales and use taxes within the municipality's jurisdiction and shall include:

1. The identification of and reporting to the Tax Commission any unregistered sellers making sales sourced to the municipality under the laws of this state. "Unregistered seller" shall mean any delinquent seller which has failed to apply for a sales or use tax permit with the Tax Commission. Provided, the term shall not include any out-of-state seller that does not have a legal requirement to register with the state;
2. The prosecution of any criminal violations of a municipal ordinance related to the payment of sales or use taxes. "Prosecution" shall mean the initiation of legal proceedings by the filing of a complaint in a municipal criminal court of record pursuant to Section 28-113 of Title 11 or by the filing of a complaint in a municipal court not of record pursuant to the provisions of Section 27-115 of Title 11; and
3. Any additional compliance activities that may be performed by the agent of the municipality on accounts of delinquent sellers that were assigned to the agent at the request of the municipality that do not result in a duplication of compliance activities.

Compliance activities **shall not include** the following activities, over which the Tax Commission shall have sole authority:

1. Registering new taxpayer accounts,
2. Issuing and administering taxpayer permits,
3. Receiving returns,
4. Receiving remittances of sales and use taxes,
5. Issuing assessments,
6. Conducting hearings under Section 212 of Title 68,
7. Developing pay plans in consultation with the municipality as provided in the Agreement for Administration of the Sales and Use Tax Ordinances,
8. Revoking permits,
9. Taking legal action to close a business,
10. Issuing refunds and credits,
11. Managing audits, and
12. Determination of taxability of sales transactions.

"Delinquent seller" means any person making sales of tangible personal property or services in this state, the gross receipts or gross proceeds from which are taxed by law and fails to obtain a permit, file a sales tax return as required by law, or is delinquent in whole or in part in the collection and remittance of sales or use taxes.

"Enhanced collections" means any remittance of past due or unpaid state sales or use taxes, including penalty and interest, obtained from a delinquent seller that was not registered, underreported, failed to report or remit, failed to comply with a payment plan, or arising from liens filed by the Tax Commission following documented compliance activity of a municipality or person or entity acting under contract with such municipality.

Designation of Compliance Activities by Municipality

Municipality elects to engage in the compliance activities designated by notice to the Commission; provided that Municipality may change its designation upon timely notice.

Appointment of Persons or Entities as Agents

This Agreement shall include appointment of persons or entities approved by the Commission conducting compliance activities on behalf of Municipality as agents of the Commission. No appointment shall be necessary or required for Municipality to engage in prosecution of any criminal violations of its ordinance related to the payment of sales or use taxes.

All persons, including municipal employees and employees of entities acting under contract with a municipality, that will be performing compliance activities for

Municipality must meet minimum qualifications provided herein and undergo training provided by the Tax Commission. The minimum qualifications shall consist of a bachelor's degree; or an equivalent combination of education and experience, substituting one year of experience in business management, tax revenue, credit collections, or investigative work for each year of the required degree. Provided, the minimum qualifications provided herein shall not apply to employees of municipalities seeking appointment as an agent if the municipality has a population less than 25,000.

With the execution of this Agreement, Municipality shall provide the names of all persons, including employees of Municipality, who will be performing compliance activities on behalf of Municipality. The Commission shall issue letters of appointment for all persons who meet or are exempt from the minimum requirements.

Municipality agrees to notify the Commission when additional persons are added by Municipality to conduct compliance activities on behalf of Municipality. Municipality further agrees to immediately notify the Commission of the termination of employment or cancellation of contract of any person appointed as an agent for the purposes of conducting compliance activities.

Confidentiality of Information Provided

The Commission shall provide to Municipality and agents appointed by the Commission to perform compliance activities all information necessary to perform compliance activities. Municipality and agent shall preserve the confidentiality of the information as required by Section 205 of Title 68 of the Oklahoma Statutes. Failure to comply with the statutory confidentiality requirements shall result in immediate withdrawal of appointment of any person to perform compliance activities and may result in civil and criminal liability.

Nothing herein shall limit Municipality's use of information provided by the Commission in prosecution of violations of Municipality's tax ordinances.

Compensation

To receive compensation, Municipality shall provide documentation of compliance activities which generated the enhanced collections. Documentation shall consist of reports, on forms prescribed by the Commission, listing the name of the delinquent seller, date of compliance activity, type of activity, and such other information as may be necessary to identify the delinquent seller, compliance activity, or enhanced collections.

The Commission shall provide reimbursements on a monthly basis and provide a monthly report to Municipality indicating, at a minimum, the name of the delinquent

seller, amount of enhanced collections, and date of remittance by the delinquent seller in the previous month.

The Commission shall use its best efforts to cause reimbursements to be paid to Municipality no later than the tenth day of each calendar month following the month of receipt of the report of enhanced collections filed with the Commission.

Disputes Arising from Agreement

If a dispute arises out of this Agreement, and if the dispute cannot be settled through negotiation, the Commission and Municipality agree first to try in good faith to settle the dispute by mediation. Either party may request mediation before the Director of the Office of State Finance in the manner the Director deems appropriate.

Duration of Agreement

This Agreement shall be in effect from the date first written above and shall remain in effect so long as the Agreement for Administration of the Sales and Use Tax Ordinances executed by Municipality and the Commission is in effect. Either party may terminate this Agreement without terminating the Agreement for Administration of the Sales and Use Tax Ordinances for any reason upon thirty (30) days written notice of its intent to terminate to the other party.

IN WITNESS WHEREOF, the parties have set their hands and affixed their official seals the day and year first written above.

13th OF November, 2012

OKLAHOMA TAX COMMISSION

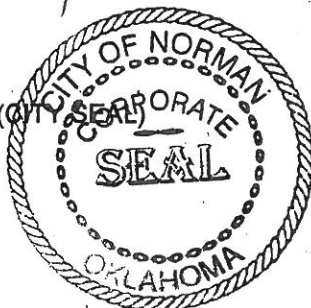
City of Norman
A Municipal Corporation

[Signature]
Thomas E. Kemp, Jr., Chairman

[Signature]
Mayor

[Signature]
Jerry Johnson, Vice-Chairman

ATTEST:



Brenda Hall
Municipal Clerk

Dawn Elizabeth Cash
Dawn Cash, Secretary-Member

ATTEST: (STATE SEAL)

Laure Moore
Assistant Secretary - OTC

APPROVED:

[Signature]
Director, Taxpayer Assistance Division

APPROVED BY THE CITY OF Norman LEGAL DEPARTMENT

BY [Signature] DATE 9/18/12