

RESOLUTION NUMBER 06-009

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KETCHUM, IDAHO, AUTHORIZING THE MAYOR TO EXECUTE A VOLUNTARY SALES AND USE TAX COLLECTION AGREEMENT BETWEEN THE CITY OF KETCHUM AND EVERYDAY CELEBRATIONS, INC., A NEW YORK DOMESTIC BUSINESS CORPORATION, FOR THE COLLECTION OF CITY SALES TAX.

WHEREAS, Everyday Celebrations, Inc., an out of state wholesaler that supplies products to local independent retailers ("Everyday") desires to enter into an agreement with the City of Ketchum ("Ketchum") pursuant to which Everyday will collect the City Sales Tax (LOT) on behalf of its independent retailers and remit such tax proceeds to Ketchum thereby simplifying the administration and collection of the City Sales Tax; and


WHEREAS, pursuant to Idaho Code §§ 50-301 and 50-302, Ketchum has the authority to enter into contracts and to take such steps as are reasonably necessary to maintain the peace, good government, and welfare of the City and its trade, commerce, and industry; and

WHEREAS, pursuant to Ordinance 712 of the Ketchum City Council, the City of Ketchum may collect a one percent (1%) tax on the sales price of all property subject to taxation under Idaho Code § 63-3601, *et seq.*

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Ketchum, Idaho that the City Council hereby authorizes and instructs the Mayor to execute a Voluntary Sales Tax and Use Tax Collection Agreement between the City of Ketchum and Everyday Celebrations, Inc., a New York Domestic Business Corporation for the collection of City Sales Tax.

This Resolution will be in full force and effect upon its adoption this sixth (6th) day of February 2006.

ATTEST:

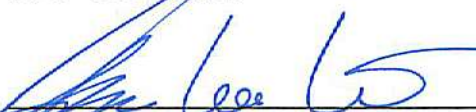

Sandra E. Cady, CMC
City Treasurer/Clerk



CITY OF KETCHUM


Randall Hall, Mayor

APPROVED AS TO FORM
AND CONTENT:


Benjamin W. Worst, City Attorney

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Voluntary Sales And Use Tax Collection Agreement

Recitals

This agreement is made between Everyday Celebrations, Inc. of White Plains, New York hereinafter referred to as "Everyday Celebrations" and the City of Ketchum, hereinafter referred to as the "Taxing Jurisdiction".

WHEREAS, Everyday Celebrations is a corporation organized under the laws of a state other than the Taxing Jurisdiction, and

WHEREAS, Everyday Celebrations maintains its headquarters outside of the Taxing Jurisdiction, and

WHEREAS, Everyday Celebrations is a direct selling company that sells various consumer products. Everyday Celebrations engages in interstate commerce by selling its products thru Independent Business Owners, hereinafter referred to as "consultants"; and

WHEREAS, the consultants are independent businesses and not employees, agents, managers, legal representative, franchisees, order takers or joint venturers of Everyday Celebrations; and

WHEREAS, the consultants retail the products to the general public; and

WHEREAS, Everyday Celebrations provides a suggested retail price to the consultants; and

WHEREAS, all sales made by consultants result in personal profits or losses because they are independent business owners; and

WHEREAS, Everyday Celebrations delivers all its products by common carrier or United States mail from its warehouse which is not located in the Taxing Jurisdiction; and

WHEREAS, Everyday Celebrations does not have any employees or inventory, nor does it own, lease or rent any real, personal or intangible property in the Taxing Jurisdiction; and

WHEREAS, in no instance is Everyday Celebrations required or obligated to install, supervise, repair or maintain service of any nature in the Taxing Jurisdiction; and

WHEREAS, the parties recognize that the agreement will be mutually beneficial to the Taxing Jurisdiction, Everyday Celebrations and the consultants;

NOW, THEREFORE, in order to simplify and make more efficient the administration and collection procedures of the sales and use tax imposed by the Taxing Jurisdiction, and to eliminate the individual licensing of consultants for the purpose of sales and use taxes in the jurisdiction, it is agreed that:

1. The consultants shall be recognized by the Taxing Jurisdiction as “independent businesses” and not employees, agents, managers, legal representatives, franchisees, order takers or joint venturers of Everyday Celebrations.
2. Everyday Celebrations shall assume the responsibility for the collection of sales and/or use taxes only on the products sold to and thru consultants, and shall not assume responsibility for the collection of sales and/or use taxes on any other products sold by the consultants. The collection will be based on the suggested retail price (or actual taxable sales price) and ship-to-address, as determined by the zip code designation. Everyday Celebrations shall maintain records of such transactions at its headquarters.
3. Everyday Celebrations shall remit the sales and/or use taxes to the Taxing Jurisdiction in lieu of payment of said taxes by, an individual licensing of, consultants. The following adjustments shall be allowed in computing the sales and/or use tax due the Taxing Jurisdiction:
 - a. In the event a consultant makes a sale at a retail price higher than the suggested retail price and subsequently remits the additional tax, Everyday Celebrations shall adjust the next payment of sales and/or use tax to the Taxing Jurisdiction by an amount equal to the additional tax.
 - b. In the event a consultant makes a sale at a price lower than the suggested retail price and subsequently seeks a partial reimbursement of the tax previously paid, Everyday Celebrations shall reimburse the consultant and adjust the next payment to the Taxing Jurisdiction by an amount equal to the partial reimbursement. The partial reimbursement described in this subparagraph is the difference between the tax imposed on the suggested retail price and the consultant’s actual sales price.
 - c. In the event a consultant makes a sale and delivers or has delivered products to another consultant or retail customer located outside the Taxing Jurisdiction where the sales and/or use tax was originally imposed and paid and subsequently notifies Everyday Celebrations, Everyday Celebrations shall make the appropriate adjustment with the consultant and the Tax Jurisdiction(s) involved. The consultant will be required to collect and remit the applicable sales and/or use tax for the

location where the products were delivered and will be reimbursed for the tax originally imposed and paid.

- d. In the event a consultant uses the product(s) personally, for demonstration purposes or as a gift and subsequently seeks a partial reimbursement of the tax previously paid; Everyday Celebrations shall reimburse the consultant and adjust the next payment to the Taxing Jurisdiction by an amount equal to the partial reimbursement. The partial reimbursement described in this subparagraph is the difference between the tax imposed on the suggested retail price and the consultant's cost of the product(s).
- e. In the event a consultant makes a sale to a person or entity that is not required to pay sales and/or use taxes and subsequently requests a full reimbursement of the tax previously paid, Everyday Celebrations shall reimburse the consultant and adjust the next payment to the Taxing Jurisdiction by an amount equal to the reimbursement. Everyday Celebrations shall require that there be a signed exemption certificate on file with Everyday Celebrations for each person or entity to which a consultant makes a tax exempt sale, as described in this subparagraph.
- f. In the event a consultant is erroneously charged sales and/or use tax and subsequently seeks reimbursement of the erroneous amount; Everyday Celebrations shall reimburse the consultant and adjust the next payment to the Taxing Jurisdiction by an amount equal to the reimbursement.
- g. In the event product(s) are returned and there is a refund of all or a portion of the price paid and the applicable tax previously paid, Everyday Celebrations will adjust the next payment to the Taxing Jurisdiction by an amount equal to the tax refunded.
- h. In the event Everyday Celebrations has accrued and paid any sales and/or use taxes to the Taxing Jurisdiction which are subsequently not collectable after Everyday Celebrations has exhausted reasonable means to collect, Everyday Celebrations will be allowed to adjust the next payment to the Taxing Jurisdiction for this amount, if this deduction is allowed by the Taxing Jurisdiction's sales and/or use tax law.

For the adjustments described in subparagraphs 4a. through 4g., Everyday Celebrations will require a consultant to complete and submit a sales and/or use tax adjustment form (copy of proposed form is attached as Exhibit (A)). Taxing Jurisdiction agrees that this form is acceptable and may be modified

by Everyday Celebrations without the prior written consent of the Taxing Jurisdiction. Taxing Jurisdiction further agrees that this form has the same validity, force and effect as an exemption certificate.

For the adjustment described in subparagraph 4h., Everyday Celebrations will maintain sufficient documentation to support the adjustment.

4. The Taxing Jurisdiction shall notify Everyday Celebrations of any change(s), substantive, administrative or procedural, affecting Everyday Celebration's responsibility for the collection and remittance of the sales and/or use taxes, including but not limited to rates, collection fees, exemptions, filing dates, payments, prepayments and, credits.
5. The effective date of this agreement shall be October 1, 2005.
6. Any modifications, amendments and, changes to this agreement are binding only if in writing and signed by an authorized representative of the Taxing Jurisdiction and Everyday Celebrations.
7. The Taxing Jurisdiction or Everyday Celebrations may cancel this agreement at the end of any month with no less than sixty-(60) days prior written notice to the other party.
8. This Agreement to collect and remit the sales and/or use taxes to the Taxing Jurisdiction is made voluntarily by Everyday Celebrations as a convenience to and in a spirit of cooperation with the Taxing Jurisdiction, provided, however, that this Agreement is made subject to the condition that the consultants' liability for sales and/or use taxes, to the extent collected by Everyday Celebrations pursuant to this Agreement, shall cease upon its effective date.
9. Execution of this Agreement by the Taxing Jurisdiction shall under no circumstances be construed as a waiver of its right to prosecute any consultant under the criminal provisions of its sales and/or use tax laws nor relieve any consultant of their civil liability for any such taxes to the extent not remitted to Everyday Celebrations for payment to the Taxing Jurisdiction in accordance with the terms of this agreement.
10. By executing this Agreement, Everyday Celebrations is not admitting nor is the Taxing Jurisdiction assuming that Everyday Celebrations has sufficient contacts in the Taxing Jurisdiction to create nexus such that it could require Everyday Celebrations to collect its sales and/or use taxes. The Taxing Jurisdiction agrees that it shall not impute or otherwise attribute the consultants' contacts, activities, agents, representatives and property within the Taxing Jurisdiction to Everyday Celebrations to create nexus requiring payment or collection of any tax, fee or assessment, including but not limited to corporate income, business license, excise, single business, franchise, net

worth, gross receipts, business and occupational and ad valorem taxes and Taxing Jurisdiction also agrees that Everyday Celebrations will have no reporting or other obligations for reporting payments in the course of its business as described and set forth in Section 6041 of the Internal Revenue Code.

11. This Agreement shall be binding upon and shall inure to the benefit of the Taxing Jurisdiction and Everyday Celebrations, their respective successors and assigns.
12. All notices necessary or proper under this Agreement shall be in writing, delivered personally, or sent by certified mail to the following address for the Taxing Jurisdiction and the address set forth on the signature page for Everyday Celebrations.

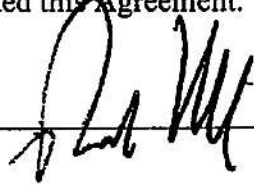
Taxing Jurisdiction Address:

~~CITY OF KETCHUM~~
~~P. O. BOX 2315~~
~~480 EAST AVE NORTH~~
~~KETCHUM, ID 83340~~

13. This Agreement regarding the collection and remittance of taxes by Everyday Celebrations will include all sales and/or use taxes administered by the Taxing Jurisdiction or its Agent.
14. Everyday Celebrations shall be entitled to the collection allowance provided by the Taxing Jurisdiction. If the Taxing Jurisdiction modifies/changes its collection allowance for entities that voluntarily collect its sales and /or use tax, Everyday Celebrations will be entitled to the modified allowance.
15. By executing this Agreement, both Everyday Celebrations and the Taxing Jurisdiction represent and warrant that they have full power and authority to enter into this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement.

Date: 1-9-06



By: _____

Date: 10-28-05



By: Scott Smith
President

Everyday Celebrations Inc.
445 Hamilton Avenue
White Plains, NY 10601

Exhibit A
Sales Tax Adjustment Form

SALES TAX ADJUSTMENT FORM

Mail to:

NAME				
EMAIL ADDRESS				
ADDRESS				
CITY		COUNTY		STATE
				ZIP
PHONE ()				
State and Local Sales Taxes You Were Charged	CITY	COUNTY	STATE	TAX RATE %

Purchased from another Consultant
 Lived here at time of purchase



THIS FORM COVERS THE PERIOD FROM (M/D/Y) _____ THRU (M/D/Y) _____

1. SALES IN OTHER STATES (Do not include drop shipments)

(When reporting sales to more than one state or locality use Part 1 on the reverse side to itemize.)

- a. Total suggested retail value of taxable products you purchased. \$ _____
- b. Amount of tax you originally paid. (Amount to be refunded to you) \$ _____
- c. TOTAL by STATE where sold and amount of tax collected.
 City _____ County _____ State _____ Zip Code _____
 Were the products sold 1.) outside the city limits? Yes No 2.) outside the police jurisdiction? Yes No
 Taxable retail value in state where sold (see note 1)\$* _____ Total Tax Rate % _____ Tax Collected (see note 2)**\$ _____
 (Your check will not be deposited until fourteen days after your refund is mailed.) (Remit this Tax)

2. SALES MADE TO ANOTHER COUNTY OR CITY WITHIN YOUR STATE (Pertains only to states with local taxes.)

- a. Total suggested retail value of taxable products. (see note 3)* \$ _____
- b. Tax rate _____ % and amount of tax you originally paid. \$ _____
- c. Tax rate _____ % and amount of tax collected. (see note 4)** \$ _____
 City _____ County _____ Zip Code _____
- d. DIFFERENCE (PAYMENT IS ONLY NEEDED IF LINE "C" IS GREATER THAN LINE "B") \$ _____
 Were the products sold 1.) outside the city limits? Yes No 2.) outside the police jurisdiction? Yes No
 (When reporting sales to more than one locality use Part 2 on the reverse side to itemize.)

3. SALES MADE TO TAX-EXEMPT CUSTOMERS

(When reporting sales to more than one customer use Part 3 on the reverse side.)

- a. Name of each tax-exempt customer _____
- b. Reason for exemption (Hospital, School, etc.) _____
- c. Product(s) Sold _____
 Signed exemption certificate attached per government regulation. (retained on file for 3 years)
 Certificate already on file for customer with the company. (filed within the last 3 years)
- d. Total suggested retail value of taxable products. (Do not include tax in this figure.) \$ _____
- e. Amount of tax you originally paid. (Amount to be refunded to you) \$ _____

4. PRODUCTS USED FOR PERSONAL OR DEMONSTRATION USE or

SALES TO A RETAIL CUSTOMER AT OTHER THAN SUGGESTED RETAIL PRICE.

Do you live outside the city limits? Yes No (Do not include sales to other consultants)
 Were products sold to a customer? Yes No

- a. Total suggested retail value of taxable products. (Do not round figures) \$ _____
- b. Total sales tax on suggested retail you originally paid. \$ _____
- c. Wholesale cost of taxable products used or selling price (see note 5) \$ _____
- d. Total sales tax due on wholesale cost or tax collected on actual sale price. \$ _____
- e. Total amount of difference due you. (Amount to be refunded to you) \$ _____
- f. OR, total amount of difference due, if you collected more than you originally paid. \$ _____
 (Enclose check payable to Sales Tax Dept.)

TOTAL AMOUNT REFUNDED TO YOU (Lines 1b,2d,3e, & 4e)	\$ _____
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I HEREBY CERTIFY THAT THE FOREGOING INFORMATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE

Consultant Number _____ Date _____ Signature _____

This form can be duplicated for additional copies.

Please keep a copy for your records.

Section 1—SALES IN OTHER STATES

State/County or Parish/City/Zip Code	Sold Outside		Taxable Retail Amount (taxable where sold)	Tax Rate—%	Tax Collected
	City Limits	Y or N			
Total Line 1C on front* \$			Total Line 1C on front** \$		

*(note 1) This total taxable retail amount should appear on line c. of Section 1. If the taxable amount in the state of purchase is different than the state you sold in, the total on line a. will be different than the total on line c.

** (note 2) This total is the tax collected in other states and should appear on line c. of Section 1 by the \$ on the far right. Your check for this tax collected must accompany your claim form. Make your check payable to Sales Tax Dept.

SECTION 2—SALES MADE TO ANOTHER CITY OR COUNTY WITHIN YOUR STATE

State/County or Parish/City/Zip Code	Sold Outside		Taxable Retail Amount (taxable where sold)	Tax Rate—%	Tax Collected
	City Limits	Y or N			
Total Line 2A on front* \$			Total Line 2C on front** \$		

*(note 3) This total retail amount should appear on line a. of Section 2.

** (note 4) This total collected amount should appear on line c. of Section 2.

SECTION 3—SALES MADE TO TAX-EXEMPT CUSTOMERS

Name	Reason for Exemption	Product or Products Sold

(note 5) – THE WHOLESALE PRICE INCLUDES THE COST OF THE PRODUCTS PLUS SHIPPING AND HANDLING