



MEMO

To: Louisiana Affiliate (“Resident”)
From: Total Gym Fitness, LLC (“Vendor”)
Re: Collection of Sales Tax in Louisiana

Effective April 1, 2016, the Louisiana House of Representatives (“LHR”) passed a Tax Law to require the collection of sales tax by certain out-of-state vendors selling to Louisiana residents. The new law enacted by the LHR provides these retailers create a “nexus” to Louisiana thereby giving Louisiana the right to collect and remit sales tax in the state.

According to the new law, a presumption would be created that a Vendor engages in business activities within this state if person with a substantial nexus with Louisiana performs certain activities in relation to the Vendor within this state. A second presumption would be created that a Vendor engages in business activities within the state if the Vendor enters into an agreement with a resident of Louisiana to refer customers to the Vendor and the sales generated by the agreement exceed \$50,000 in the preceding 12 months.

A Vendor may rebut the presumptions by showing that the person’s activities within Louisiana are not reasonably expected to have gross receipts in excess of \$50,000 for the succeeding 12 months.

Resident hereby certifies law, that effective April 2016, it will not engage in any solicitation activities in the State of Louisiana, and Resident will certify annually, under penalty of perjury, that it has not engaged in any prohibited solicitation activities on Vendor’s behalf in the State of Louisiana at any time during the previous year. For the avoidance of doubt, Resident will continue to maintain Internet links to Vendor’s website in exchange for commissions on sales generated through such links.

This Memo is intended to represent an agreement between Resident and Vendor satisfying the compliance provisions set forth in the law. Resident has been afforded the opportunity to consult with an attorney prior to signing below.

Agreed to by: _____
[Print Name of Resident]

By: _____
Name:
Title:

Dated: _____

Address: _____
