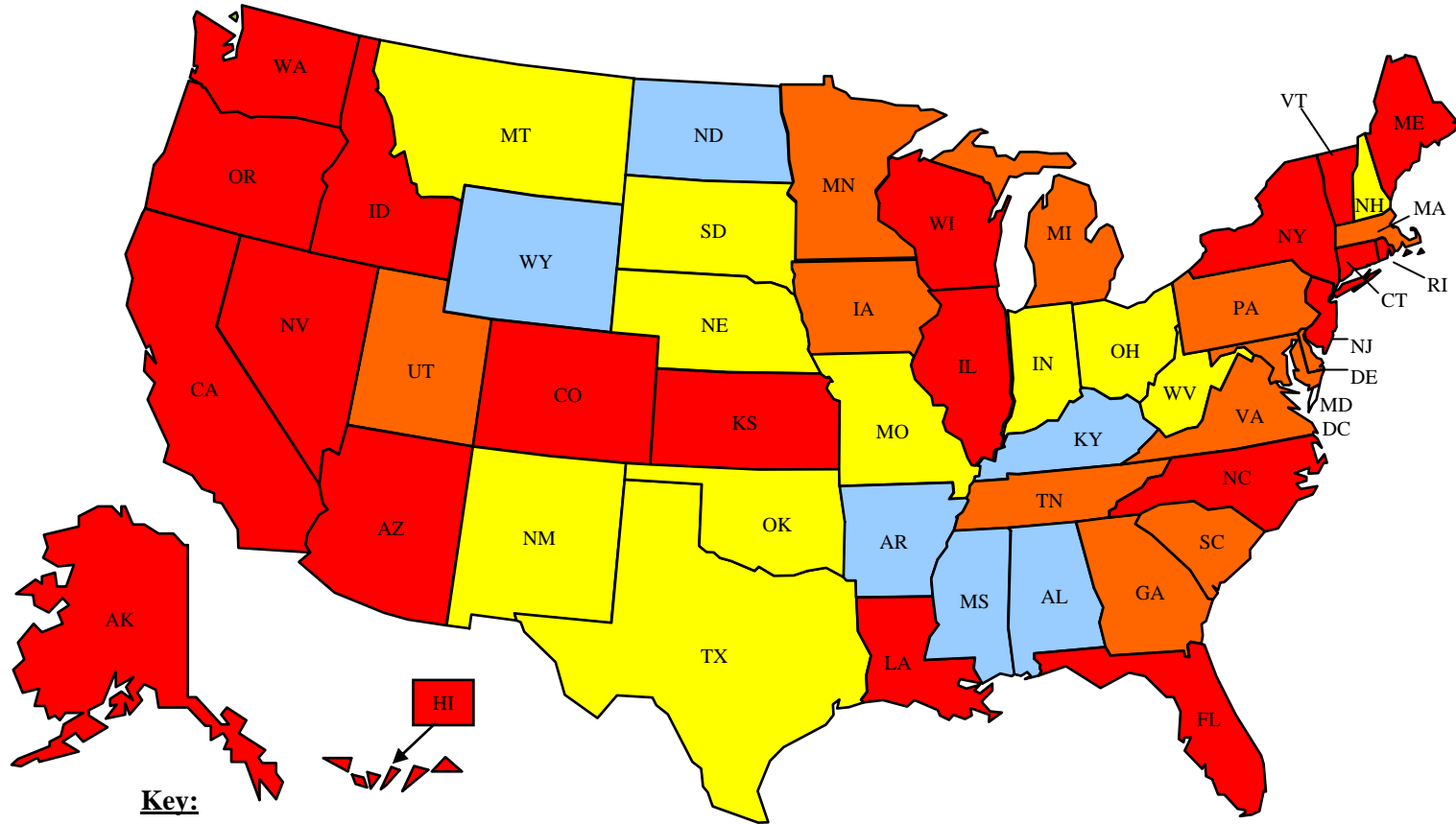








Multistate Tax Trends

Associated Taxpayers of Idaho
63rd Annual Meeting
November 18, 2009

Projected Budget Gaps: FY 2010



Key:

-  More than 15% of the state's general fund
-  10% to 15% of the state's general fund
-  Less than 10% of the state's general fund
-  Not applicable or not reporting



Then vs. Now

Past Recession		Current Recession	
Year (billions)	Amount	Year (billions)	Amount
2002	\$37.2	2008	\$12.8
2003	\$79.0	2009	\$113.2
2004	\$83.7	2010	\$142.6
2005	\$37.0	2011	\$58.5
2006	\$26.9	2012	\$21.1
Total	\$263.8	Total	\$348.2



Tax Policy Trends

- Nexus
- Tax Base
- Apportionment, including MUCR
- Rates
- Credits/Net Loss Deductions
- Amnesties



State Tax Nexus Trends

- “Economic” Nexus
 - MTC Model
 - Statutes/Regs (NY,CA, OR, IL,CO, etc.)
 - Cases (WV, MA, NJ, etc.)
- Attributional / Affiliate / Agency Nexus
- Business Activity Tax Simplification Act (HR 1083)



Internet Nexus

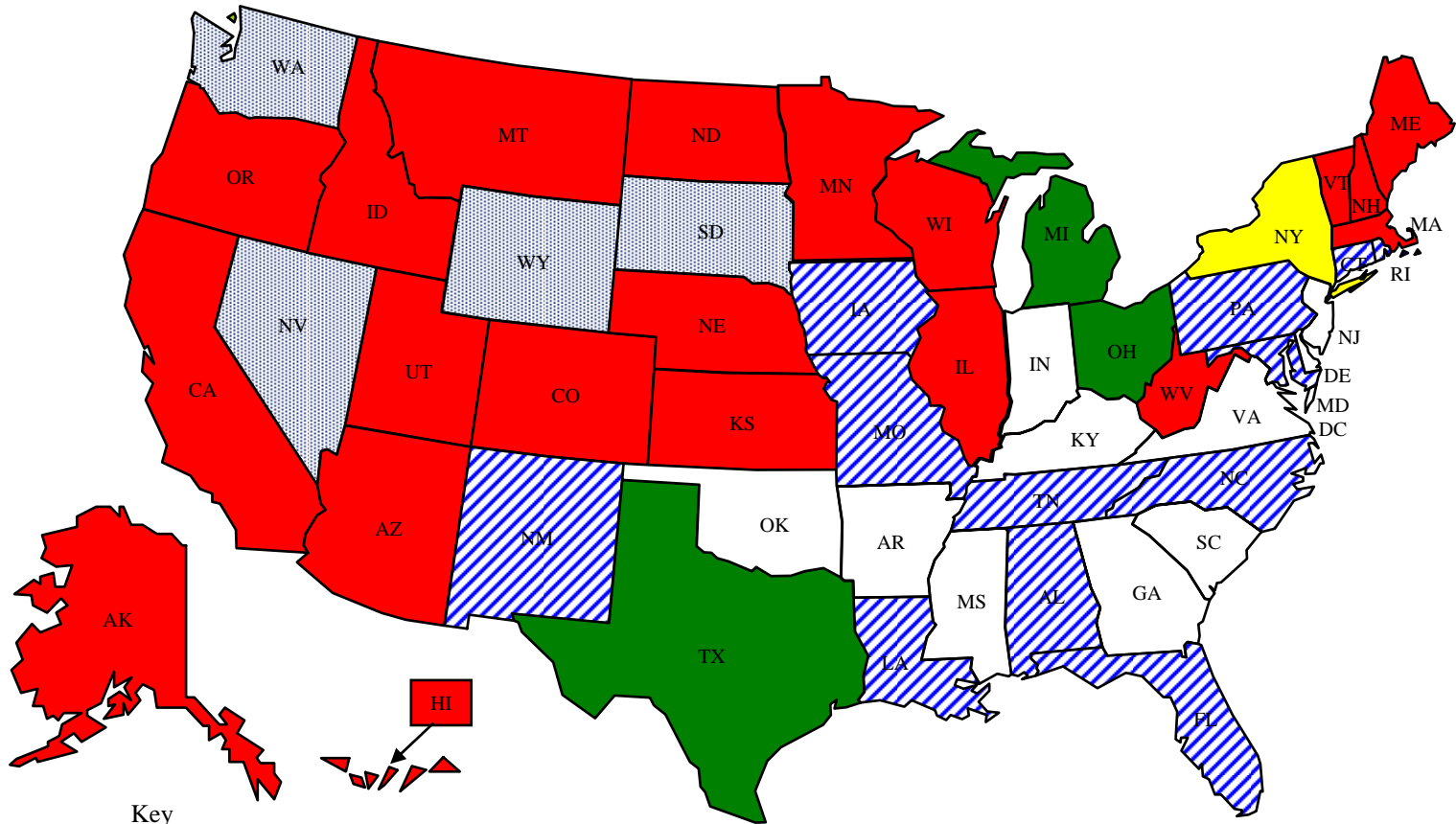
- New York: 2008 Budget
- Proposals To Date:
 - California (Gov. vetoed)
 - Hawaii (Gov. vetoed: HB 1405)
 - Maryland (dead for 2009, will resurface 2010)
 - Minnesota (in omnibus tax bill; Gov. vetoed)
 - North Carolina (enacted)
 - Rhode Island (enacted)
 - Tennessee (dead for 2009; may resurface)








Tax Base

- Income Tax
 - Mandatory Unitary Combined Reporting
 - Addback Statutes (DC, OR, WV)
- Sales Tax
 - Eliminating exemptions/credits
 - Base expansion to services
 - Streamlined Sales Tax
- Alternative Base Taxes

MUCR: November 2009



Key

-  No corporate income tax
-  Mandatory unitary combined reporting
-  Combined reporting – not on a unitary basis – “substantial intercorporate transactions”
-  Provide for combined filing, but taxes are in the form of gross receipts or other hybrid taxes
-  Rejected combined reporting legislation in 2009



Apportionment Trends

- Single Sales Factor
- Market Based Sourcing
- Joyce/Finnigan
- Throwback/Throwout (Pfizer v. NJ)
- Alternative Apportionment (Sec. 18)



Credits/Net Losses

- Limitations on Amounts
- Limitations on Carrybacks / Carryforwards
- Limitations on Transferability
- Survival of Tax Attributes During Dissolutions, Mergers, Bankruptcies



Amnesties

- Opportunity to Resolve Issues
- Potential to Reduce Open Years
- Abatement of Penalties
- Potential Abatement of Interest
- Potential for Additional Penalties / Interest



Questions?

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