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Mr. Alan H. Friedman, Convenor  
The Multistate Tax Commission  
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Dear Alan,

Following the "Teleconference of PPWG -Uniformity Committee Liaison Group" earlier today, I am putting forth eight suggestions and comments concerning the "Proposed Definition of Contribution / Dependency Test"

1. We should be able to address the manner in which the operation of an entity **contributes** to another entity, and whether, for example, services, loans, leasing of tangible goods, licensing of intangible property, or other potential contributions are to be taken into account for this purpose. In any event, it may be appropriate to elaborate on the meaning of the word "contribution."

2. We should be able to address the meaning of "**dependent upon**" and whether related-party loans, employee assistance, and the like should be taken into account.

3. The second paragraph in the "Proposed Definition of Contribution / Dependency Test" speaks of a **sufficient** contribution. We should be able to address the manner in which sufficiency of the contribution can be ascertained, whether this contribution be measured in absolute terms or on a percentage basis.

4. The final portion of the second paragraph in the "Proposed Definition of Contribution / Dependency Test" speaks of **one or more** factors. I would suggest that this phrase be replaced with the phrase "the following factors, taken in their entirety, are present."

5. Item 1 within the "Proposed Definition of Contribution / Dependency Test" speaks of **the same line of business**. We should be able to address the manner in which the line of business is determined. Consider the following: Corporation A produces monitors and produces motherboards. Corporation B produces ham and produces cheese. We should consider whether a SIC code analysis would be appropriate

6. Item 2 within the "Proposed Definition of Contribution / Dependency Test" speaks of a **vertically structured enterprise**. We should be able to address such definitional issues as the following: A manufacturing manager has the authority to sell the components it produces into the open market rather than being required to sell its goods to an affiliated entity. The affiliates in turn buy the their components in the open market. One member of the group buys from another at market price. We should be able to provide guidance in situations such as these.

7. Item 3 within the "Proposed Definition of Contribution / Dependency Test" speaks of **strong centralized management**. We should be able to address the manner in which "management" is determined, the parameters that would make management "centralized," and the manner in which the management is "strong." Further, we should be able to address the role and importance of financing, personnel, accounting, taxation and other function in determining "strong centralized management."

8. Item 4 within the "Proposed Definition of Contribution / Dependency Test" speaks **divisions or segments**. I suggest that this factor be eliminated for two reasons. First "divisions" or "segments" are vague and non-specific. Second, the factor would give a knowledgeable company the power to fall within the Contribution / Dependency formulation at its own discretion.

I enjoyed today's teleconference and your role within it. What additional responsibilities have you acquired in your being the "facilitator" (your present role) and "convenor" (your present role)?

Feel free to distribute this material as you see fit.

Very truly yours,

*Bob*

Robert Feinschreiber