

**PROPOSED DEFINITION TWO OF
DEPENDENCY/CONTRIBUTION TEST**

March 31, 1999

(CONJUNCTIVE)

I. **Dependency/Contribution Test for Determining Unitary Business.**

A. Definitions.

For the purposes of this section, the following definitions shall apply and control:

1. "Business" means a single entity or two or more entities under common ownership or control with respect to which [this State's income/franchise tax] requires a determination of whether **the activities of** the entity or entities **within and without this State constitute** ~~are conducting~~ one or more unitary businesses ~~within this State.~~

B. Dependency/Contribution Test.

Alternative 1.

An entity or segment is part of a unitary business with entity or segment within the enterprise upon which it is dependent or to which it contributes, and with each entity or segment within the enterprise which is dependent upon or contributes to other entities or segments which are part of such unitary business. In order to satisfy this test, the entities and segments need not be interdependent or of mutual benefit to one another. This is illustrated by the following examples:

**(THIS READS THE SAME AS DISJUNCTIVE
ALTERNATIVE 1. WHY?)**

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An entity or segment is part of a unitary business with **another** entity or segment within the enterprise upon which it is dependent or to which it contributes, and with each entity or segment within the enterprise which is dependent upon or contributes to other entities or segments which are part of such unitary business. In order to satisfy this test, the entities and segments need not be interdependent or of mutual benefit to one another. This is illustrated by the following examples: