



**Resolution Adopting Recommended Conforming
Amendments to model Multistate Tax Compact Article IV**

WHEREAS, UDITPA was incorporated into the model Multistate Tax Compact as Article IV;
and

WHEREAS, after a hearing, the Executive Committee recommended amendments to Article
IV; and

WHEREAS, the Executive Committee also recommended non-substantive conforming
amendments conditioned upon the adoption of the recommended amendments by the
Commission; and

WHEREAS, after a bylaw 7 survey, the recommended amendments were considered and
adopted by the Commission at its meeting of July 30, 2014; and

WHEREAS, the non-substantive conforming amendments were subsequently submitted to
a bylaw 7 survey of Compact members on September 5, 2014, as attached, and a majority
responded that they would consider adopting the amendments;

Now, therefore, be it:

RESOLVED, that the Commission hereby adopts the recommended conforming
amendments to model Multistate Tax Compact, Article IV, as attached.

ATTACHMENT
**Recommended Conforming Amendments
to model Multistate Tax Compact Article IV [UDITPA]**
(Showing relevant sections.)

...

4. Rents and royalties from real or tangible personal property, capital gains, interest, dividends or patent or copyright royalties, to the extent that they constitute ~~nonbusiness~~ nonapportionable income, shall be allocated as provided in paragraphs 5 through 8 of this Article.

...

9. All ~~business~~ apportionable income shall be apportioned to this State by multiplying the income by a fraction [State should define its factor weighting fraction here. Recommended definition: “the numerator of which is the property factor plus the payroll factor plus two times the ~~sales~~ receipts factor and the denominator of which is four.”]

...

15. The ~~sales~~ receipts factor is a fraction the numerator of which is the total ~~sales~~ receipts of the taxpayer in this State during the tax period and the denominator of which is the total ~~sales~~ receipts of the taxpayer everywhere during the tax period.

16. Sales Receipts from the sale of tangible personal property are in this State if:

(a) the property is delivered or shipped to a purchaser, other than the United States Government, within this State regardless of the f.o.b. point or other conditions of the sale;
or

(b) the property is shipped from an office, store, warehouse, factory, or other place of storage in this State and (1) the purchaser is the United States Government or (2) the taxpayer is not taxable in the State of the purchaser.

17. (a) Sales Receipts, other than ~~sales~~ receipts described in Section 16, are in this State if the taxpayer’s market for the sales is in this state. The taxpayer’s market for sales is in this state:

(1) in the case of sale, rental, lease or license of real property, if and to the extent the property is located in this state;

(2) in the case of rental, lease or license of tangible personal property, if and to the extent the property is located in this state;

(3) in the case of sale of a service, if and to the extent the service is delivered to a location in this state; and

(4) in the case of intangible property,

(i) that is rented, leased, or licensed, if and to the extent the property is used in this state, provided that intangible property utilized in marketing a good or service to a consumer is “used in this state” if that good or service is purchased by a consumer who is in this state; and

(ii) that is sold, if and to the extent the property is used in this state, provided that:

(A) a contract right, government license, or similar intangible property that authorizes the holder to conduct a business activity in a specific geographic area is “used in this state” if the geographic area includes all or part of this state;

(B) receipts from intangible property sales that are contingent on the productivity, use, or disposition of the intangible property shall be treated as receipts from the rental, lease or licensing of such intangible property under subsection (a)(4)(i); and

(C) all other receipts from a sale of intangible property shall be excluded from the numerator and denominator of the salesreceipts factor.

(b) If the state or states of assignment under subsection (a) cannot be determined, the state or states of assignment shall be reasonably approximated.

(c) If the taxpayer is not taxable in a state to which a salereceipt is assigned under subsection (a) or (b), or if the state of assignment cannot be determined under subsection (a) or reasonably approximated under subsection (b), such salereceipt shall be excluded from the denominator of the salesreceipts factor.

(d) [The tax administrator may prescribe regulations as necessary or appropriate to carry out the purposes of this section.]