



MULTISTATE TAX COMMISSION

Working together since 1967 to preserve federalism and tax fairness

To:	Income and Franchise Tax Subcommittee
From:	Roxanne Bland, MTC Counsel
Date:	December 10, 2013
Subject:	Report on Pending Federal Legislation, 113 th Congress

Overview

Congress has a December 13, 2013 deadline for the Budget Conference Committee to reach an agreement. Senate Finance Chair Max Baucus (D-MT) and House Ways and Means Chairman Dave Camp (R-MI) are pushing for federal tax reform to be a part of any budget agreement. Senate Ranking Minority Leader Orrin Hatch (R-UT) and House Majority Leader Eric Cantor (R-VA) oppose any consideration of federal tax reform as giving Democrats an opening for using tax reform for producing additional revenue.

No state tax bills will be considered before the end of the year.

Legislation Introduced:

1. H.R. 1129, Mobile Workforce State Income Tax and Simplification Act of 2013

Limits state taxation of the wages or other remuneration of any employee who performs duties in more than one state to: (1) the state of the employee's residence; and (2) the state in which the employee is present and performing employment duties for more than 30 days. Exempts from the definition of "employee" for purposes of this Act a professional athlete or entertainer or certain public figures. Introduced by Rep. Hank Coble (R-NC) on 3/13/13.

2. H.R. 2992, Business Activity Tax Simplification Act of 2013 (BATSA)

Expands the federal prohibition against state taxation of interstate commerce to: (1) include taxation of out-of-state transactions involving all forms of property, including intangible personal property and services (currently, only sales of tangible personal property are protected); and (2) prohibit state taxation of an out-of-state entity unless such entity has a physical presence in the taxing state that is not "limited" or "transient." Sets forth criteria for determining that a person has a physical presence in a state. Introduced by Rep. James Sensenbrenner, R-WI on 8/2/13.