



MULTISTATE TAX COMMISSION

Maximizing the synergies of multi-state tax cooperation

To: Robynn Wilson, Income & Franchise Tax Subcommittee Chair
Members of the Income and Franchise Tax Subcommittee

From: Lennie Collins, Financial Institutions Work Group Chair

Date: December 5, 2013

Subject: Report of the Work Group

At its July 2013 meeting, the Subcommittee directed the Work Group to “move forward with the approach of the property factor being real and tangible personal property and eliminating any aspect of SINAA from the property factor.” The Subcommittee also asked the Work Group to consider including a “trigger event” that must occur before the rule (or model) becomes effective, such as passage of a certain amount of time, a certain number of states enacting the rule (or model), both, or something else. Since July, the Work Group has:

- Redrafted the property factor policy checklist to reflect the decisions made during the July 2013 meeting and pose follow up questions (see attached).
- Discussed the inclusion of a “trigger event.”
- Discussed a proposal by the industry members to reopen the receipts factor and consider not changing the sourcing for non-designated receipts if the overall percentage of such receipts is under a certain percentage.
- Completed a final DRAFT model Financial Institutions Apportionment Rule that includes the Subcommittee’s tentative approved language for the definitions section, receipts section, and property factor section. The draft also includes a “trigger event” based on passage of time (see attached attached).