

[DRAFT] SOURCING OF RECEIPTS OF AIRLINES

(nuances deleted; this document is for research purposes only and should not be relied upon as tax advice)

Mileage Approach¹ (revenue miles² unless otherwise indicated)	Departures Approach³ (or similar approach)	Two or More Factors (equally weighted unless indicated)	No Special Industry Rule	Other
Arizona ⁴	Alabama	California (Air time by model of aircraft-80% weight; arrivals and departures by model of aircraft-20%) ⁵	Delaware (MBS—where the service is performed)	Alaska (ground time ratio)
Florida ⁶	District of Columbia (total revenue units ⁷ received or discharged)	Colorado (miles-40% weight; arrivals and departures-60%)	Maine (MBS—where the service is received)	Louisiana (gross apportionable revenue)
Illinois ⁸	Idaho	Connecticut (arrivals and departures; revenue tons ⁹ ; originating revenue)	Vermont (MBS—where the service is delivered)	

¹ [address flyover miles]

² "Revenue mile" is defined in somewhat different ways as indicated in the footnotes attached to states in this column.

³ Departures are weighted by cost and value of the aircraft unless otherwise noted.

⁴ Expressly limited to flights beginning or ending in Arizona.

⁵ If records of actual revenue by model of aircraft are not maintained, the total revenue shall be divided into passenger and freight revenue and allocated to aircraft model based on the ratio of the revenue passenger ton-miles and revenue freight ton-miles of such model, respectively.

⁶ A "revenue mile" is the transportation of one passenger or one net ton of freight the distance of one mile for a consideration.

⁷ A "revenue unit" is one ton of freight or 10 passengers.

⁸ A "revenue mile" is defined in relevant part as the transportation of one net ton of freight the distance of one mile for consideration and the transportation of one passenger the distance of one mile for consideration.

⁹ "Revenue tons" is defined as the weight in tons of revenue passengers at 200 pounds per passenger and revenue cargo received or discharged.

Iowa (mileage)	Indiana	Georgia (miles ¹⁰ -25% weight; tons handled ¹¹ -25%; originating revenue ¹² -50%)	Virginia (cost of performance)	
Kentucky	Kansas	Hawaii (revenue tons; originating revenue; operating hours)	West Virginia (MBS—where the service is delivered)	
Michigan (miles)	Maryland (originating passengers and originating freight tons)	Minnesota (ton miles ¹³ multiplied by 85%; departures ¹⁴ multiplied by 15%)		
Mississippi ¹⁵	Massachusetts	New York (arrivals and departures; revenue tons; originating revenue, the New York numerator in case multiplied by 60%)		
Missouri (mileage; airline may elect an alternative ratio based on investment in transportation facilities)	Montana	Tennessee (originating revenue; miles ¹⁶)		

¹⁰ Expressly limited to flights originating or terminating in Georgia.

¹¹ Actual tons handled is multiplied by 60% in the case of passengers or cargo flown on each flight stage which originates in Georgia.

¹² Originating revenue in Georgia is determine by applying a miles ratio to revenue everywhere.

¹³ Each passenger is considered to weigh 200 pounds; Minnesota miles are limited to flights having a departure point or a destination in Minnesota.

¹⁴ Determined on a fleet-type basis.

¹⁵ The numerator of the ratio is computed by multiplying the number of revenue-producing passengers carried on flights landing or taking off within Mississippi by the number of miles flown over the state by the flights. The denominator is determined by multiplying the total number of revenue-producing passengers carried by the total number of miles flown by flights carrying revenue-producing passengers. Revenue from cargo traffic income may be sourced to Mississippi based on the ratio that Mississippi revenue ton miles, or other units of cargo transported, multiplied by Mississippi miles flown bears to the total of such elements of the factor. Alternatively, all business income of an airline may be apportioned to Mississippi in the ratio that Mississippi flight miles bear to total flight miles.

¹⁶ Expressly limited to flights originating from or ending in Tennessee.

New Jersey ¹⁷	Nebraska	Wisconsin (arrivals and departures; tons handled; originating revenue)		
North Carolina (ton miles)	New Hampshire (passengers and cargo enplaned in the state)			
Oklahoma (mileage)	New Mexico			
Pennsylvania ¹⁸	North Dakota			
Texas (mileage)	Oregon			
Utah (ton miles)	Rhode Island (upon election of the taxpayer; otherwise where the benefit is received)			
	South Carolina (tons loaded and unloaded)			

¹⁷ The passenger revenue mile fraction is determined by multiplying the number of revenue-paying passengers aboard the aircraft by the distance traveled in New Jersey divided by the number of revenue-paying passengers aboard the aircraft multiplied by the distance traveled everywhere. The freight revenue mile fraction is determined by dividing the freight ton revenue miles in New Jersey by the freight revenue miles everywhere. A freight revenue ton mile is equal to one ton carried one mile.

¹⁸ A revenue mile means average receipts derived from the transportation of persons or property one mile.