
Model Receipts Sourcing Regulation Work Group



MULTISTATE TAX COMMISSION

Status Report to the Uniformity Committee

**July 22, 2025
Salt Lake City**

DESCRIPTION OF REGULATIONS REVIEW PROJECT

The Uniformity Committee agreed on August 2, 2022 to undertake a project and form a work group to review the MTC's model receipts sourcing regulations, including the MTC's special industry regulations and its market-based sourcing (§17) regulations.

The project's goals:

- To consider issues that may not be adequately addressed by existing model regulations;
- To identify updates, corrections or conforming changes; and
- To make recommendations to the Uniformity Committee for its action *following the Commission's adoption in 2018 of regulations using market-based sourcing for services and intangibles.*

RECENT DEVELOPMENTS

At its Spokane meeting, the Uniformity Committee gave the work group a green light to develop updates to the receipts sourcing provisions of two MTC special industry regulations:

Reg. IV.18.(e) Airlines

Reg. IV.18.(h) Television and Radio Broadcasting

MTC staff have prepared and submitted to the Committee briefing books on both topics, which are posted on the MTC website: [Briefing-Book-Airlines-FINAL-3.pdf](#) and [Briefing-Book-Broadcasters-FINAL.pdf](#).

POSSIBLE REASONS TO UPDATE THE AIRLINES REGULATION

- The Rule was adopted by the Commission in 1983. Since then, the air travel industry has changed in significant ways.
- Airlines now receive various substantial streams of revenue that are not expressly addressed by the Rule nor by guidance issued by the states.
- These gaps may create uncertainty both for taxpayers and for revenue agency staff charged with administering the tax laws.
- Unclear rules can allow for multiple interpretations, undermining uniformity and the level playing field as taxpayers choose the interpretation that works best for them.

WORK GROUP MEMBERS AND MTC STAFF HAVE IDENTIFIED AREAS WHERE THE AIRLINES REGULATION EITHER DOES NOT SUPPLY CLEAR GUIDANCE OR THE LANGUAGE WOULD BENEFIT FROM UPDATING, INCLUDING:

- Receipts under codeshare, interline, and capacity purchase arrangements.
- Receipts from the sale points or miles to credit card banks or others.
- Receipts from the sale of property or services to be used or consumed during flights beyond “liquor sales, pet crate rentals, etc.”
- Lack of language defining Airline
- Ambiguous or archaic language

POSSIBLE REASONS TO UPDATE THE BROADCASTING REGULATION

- The Regulation was last revised in 1996. Since then, the way most content is transmitted electronically has changed dramatically.
- The language used to describe the sales factor appears flawed with respect to where receipts of in-state *independent and unaffiliated* television and radio stations is sourced.
- The Regulation's approach to source receipts using audience factor generally mirrors the approach used by the MTC's general sourcing rules (§17), making its sales factor provision largely duplicative and unnecessary.
- One provision of the Regulation potentially conflicts with market-based sourcing principles, which the MTC embraced in 2018.

RECENT DEVELOPMENTS

- MTC staff have circulated a draft revision of the **Airlines regulation** to the work group and has held a meeting to discuss the draft.
- The work group chair has invited additional comments and is anticipating written comments from the industry.
- MTC staff have conducted further research and analysis with respect to the **Broadcasting regulation** and expects to circulate a draft revision in coming weeks.



NEXT STEPS

The work group will be holding meetings to discuss both the airlines and broadcasting drafts with the goal of submitting recommendations to the Uniformity Committee by the Committee's November meeting.

**Other Topics to be
considered by the
work group?**

