STATUS REPORT
RECEIPTS SOURCING REGULATION REVIEW WORK GROUP

APRIL 28, 2026

FISCAL YEAR ENDED JUNE 2026

- The work group proposed changes to two of the MTC special industry rules created prior to the adoption of MTC's recommended market-based sourcing approach for receipts from services and intangibles.
- In both cases, the proposed changes update the rules to address issues that are common today but not when the models were originally adopted, and the also make certain conforming and clarifying changes.

AIRLINES RULE REVISIONS

- Have been recommended by the Executive Committee to the Commission and, having passed the Bylaw 7 Survey, will be considered at the Commission meeting on July 30, 2026.

- Revisions address how receipts from the following are sourced:
  - Points or miles sold by airlines for redemption for flights and other services
  - Code-sharing or related transportation provided to other airlines or their customers

BROADCASTING RULE REVISIONS

- Have been recommended by the Uniformity Committee to the Executive Committee, which directed a public hearing which was held on June 25, 2026 at which there were no comments received. The hearing officer's report and recommendation will be provided to the Executive Committee.

- Revisions make recommendations both for states that have adopted market-based sourcing and those that have note.
  - States that have adopted market-based sourcing – adopt the provisions in the MTC's general model regulations that address receipts from audio and video services and products.
  - For states that have not adopted market-based sourcing – revisions expressly apply to all video and audio programming, including streaming. The revisions also update archaic language and clarify certain original provisions.

GOING FORWARD – GENERAL PROPOSAL

- State participants and members of the public – provide suggestions for receipts sourcing issues to address.
- MTC staff and work group – put together short descriptions of the issues and their significance.
- Work group – present the list of issues to the committee at the November meeting.
- Committee – provide guidance as to the next issue(s) to address

GENERAL GUIDANCE

- MTC adopted market-based sourcing for the receipts factor based on delivery –
  - See recommended changes to the MTC Compact, Art. IV, UDITPA – HERE
  - See the Model General Allocation and Apportionment Regulations – HERE
- MTC adopted special industry rules under Section 18 of UDITPA where the circumstances require an alternative sourcing approach or specific rules. Most were adopted prior to the recommended changes to UDITPA. See HERE

POSSIBLE ISSUES THAT HAVE BEEN SUGGESTED

- Merchant discounts and receipts from other credit card processing services
- Receipts of pharmacy benefit managers
- Receipts from publishing (updating the MTC special industry rule)
- Exploring when look-through sourcing for services should be used
- Receipts of investment advisory firms
- Further guidance regarding the use of Reasonable Approximation

NEXT . . .

Discuss amongst yourselves – and then share your ideas today or after you return home.