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by Shona Ponda, James M. McNiff, Kathleen Rudis, Namrata Jhawer, and Dashrath Phulwary
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In this edition of Inside Deloitte, the authors provide an overview of select state corporate income tax legislative changes that have been enacted thus far during the 2015 state legislative sessions, as well as some related taxpayer considerations.

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On November 4, 2014, voters in 36 states chose governors, which resulted in 11 new chief executives and six changes in party affiliation. These changes helped place state tax policy front and center during the 2015 state legislative season. A theme in many of the governors' State of the State addresses was a call for tax relief and a reduced tax burden as a means for growing the states' economies.[1] However, these proposed reductions were often pitted against the stark reality that while the national economic recovery has seemingly been underway for six years, some states still faced budget shortfalls for fiscal 2016 and, accordingly, had to consider tax increases to meet state budget demands.[2] Other states experiencing modest revenue growth had to remain cautious in light of growing budgetary pressure to fund areas such as education, transportation, and infrastructure. To this end, some governors supported raising some taxes and fees — either as stand-alone increases or in connection with other tax reductions.[3] For example, in the continued effort to combat the tax impact on states of perceived international income shifting, about a dozen states — some with the strong support of their governors — considered legislation addressing the income and apportionment factors of some related corporations incorporated or doing business in purported foreign "tax haven" jurisdictions.[4] Several states joined the bandwagon of jurisdictions offering tax amnesty programs in an effort to meet short-term revenue-raising goals — arguably a policy measure favored by states and taxpayers alike.[5]

These activities translated into a busy year for state tax legislative activity and numerous proposed bills addressing a wide range of state corporate income tax issues — including nexus, tax base, allocable versus apportionable income, apportionment, filing methods/unitary combination, tax rates, and tax administration — some of which were enacted

[1]American Legislative Exchange Council: Center for State Fiscal Reform, "State of the States: An Analysis of the 2015 Governors' Addresses" (June 2015).

[2]Donald J. Boyd and Lucy Dadayan, "The Blinken Report: The Economy Recovers While State Finances Lag," The Nelson A. Rockefeller Institute of Government (June 2015).

[3]*Supra* note 1.

[4]Some examples of 2015 tax-haven-related legislative proposals include: Ala. HB 142, 2015 Leg., Reg. Sess.; Colo. HB 1346, 70th Gen. Assemb., 1st Reg. Sess.; Conn. HB 7061, 2015 Gen. Assemb., Reg. Sess.; D.C. B21-0158, Fiscal Year 2016 Budget Support Act of 2015; Fla. HB 1221, 2015 Leg., Reg. Sess.; Ky. HB 374, 2015 Leg., Reg. Sess.; Me. LD 341, 127th Leg., 1st Reg. Sess.; Mass. HD 1234 and SD 1699, 189th Gen. Court, Reg. Sess.; Mont. SB 167, 2015 Leg., 64th Reg. Sess.; N.H. HB 551, 2015 Leg., Reg. Sess.; Ore. HB 2099 and SB 61, 2015 Leg., Reg. Sess.; and Vt. H 489 (as passed by the House), 2015-2016 Reg. Sess.

[5]Some examples of state tax amnesty program legislation enacted during the 2015 state legislative sessions include Ariz. SB 1471 , Laws 2015; Ind. HB 1001, Laws 2015; Kan. HB 2109, Laws 2015; Md. SB 763, Laws 2015; Mass. H 52, Laws 2015, and H 3650, Laws 2015; Mo. HB 384, Laws 2015; Okla. HB 2236, Laws 2015; and S.C. S 526, Laws 2015.

into law, while others were tabled for possible reconsideration next year. With most state legislative sessions having come to a close for 2015, this article highlights, jurisdiction by jurisdiction, some of the corporate income tax legislative changes that have been enacted thus far during the 2015 legislative season.[6]

Alabama

While a number of touted corporate tax "loophole-closing" proposals failed to pass the Alabama Legislature during its 2015 regular session, Gov. Robert Bentley (R) signed into law HB 49 from the 2015 first special session, which implements a factor presence nexus standard for business entities organized outside Alabama.[7] Under the new standard, substantial nexus with Alabama is deemed to exist for purposes of the state business privilege tax and financial institution excise tax when in any tax period the property, payroll, or sales of the business in Alabama exceeds the delineated dollar thresholds of: (i) $50,000 of property; (ii) $50,000 of payroll; (iii) $500,000 of defined sales; or (iv) 25 percent of total property, total payroll, or total sales. HB 49 also provides that Alabama will not gain jurisdiction to impose tax if the taxpayer is protected under P.L. 86-272,[8] regardless of whether the taxpayer's property, payroll, or sales exceed the bright-line thresholds.

Arizona

In April Gov. Doug Ducey (R) signed into law legislation making Arizona a reciprocal non-retaliation state and phasing in a reduction in the state general premium tax rate. HB 2440,[9] which closely matches legislation enacted in other reciprocal non-retaliation states, provides that Arizona's retaliatory tax provisions do not apply to an insurer domiciled in a state or foreign country that does not impose a retaliatory tax or that exempts companies domiciled in Arizona from retaliatory tax on a reciprocal basis. Ducey also signed HB 2568,[10] which phases in a reduction of Arizona's general premium tax rate to 1.7 percent over the next 10 years.

Ducey signed SB 1188,[11] which updated Arizona's corporate tax code so that beginning after 2014, references to the IRC are updated to mean the IRC as in effect on January 1, 2015, including those provisions that became effective during 2014 with the specific adoption of all federal retroactive effective dates.

Arkansas

Arkansas Gov. Asa Hutchinson (R) signed HB 1427[12] on March 24, generally updating state corporate and individual income tax conformity to the IRC as it existed on January 1, 2015 (previously, January 2, 2013). SB 320[13] was also enacted into law, requiring the Arkansas Department of Finance and Administration to annually report on the activities of the Multistate Tax Commission and eliminating Arkansas's previously created Multistate Tax Compact Advisory Committee. Also, Hutchinson signed into law SB 490,[14] which made numerous tax administration changes relating to taxpayer burden of proof, timing to report federal income tax changes, limitation periods for refunds, transparency in tax administration, judicial relief, the rebate period for local taxes, and the state corporate income tax return due date.

Connecticut

During June the Connecticut General Assembly enacted legislation that resulted in sweeping tax reform to the state's corporate tax regime. HB 7061[15] and SB 1502,[16] which were signed concurrently by Gov. Dan Malloy (D) on June 30, 2015, contain many significant changes for Connecticut corporate taxpayers, including:

- extending the 20 percent surtax on both the 7.5 percent tax rate on the income base and the 0.31 percent tax rate on the capital base for income years beginning before January 1, 2018 (the surtax is reduced to 10 percent for income years beginning on or after January 1, 2018, and before January 1, 2019);
- imposing mandatory unitary taxation applicable to income years commencing on or after January 1, 2016;[17]

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[6]Note that on December 19, 2014, President Obama signed into law the Tax Increase Prevention Act of 2014, which includes a one-year retroactive extension of many of the temporary tax deductions, credits, and incentives that had expired effective December 31, 2013. Among the dozens of provisions that are renewed retroactively through the end of 2014 under the act are (i) a credit for certain research and experimentation expenses; (ii) 50 percent bonus depreciation provisions for qualified property and the option to accelerate some alternative minimum tax credits in lieu of bonus depreciation; (iii) active financing income exception and the controlled foreign corporation look-through; (iv) increased expensing limits for IRC section 179 property and the expanded definition of section 179 property; and (v) 15-year, straight line cost recovery provision that applies to certain leasehold, restaurant, and retail improvements and restaurant buildings. Those federal law changes may have a significant effect on state corporate income taxes, depending on the state's adoption of the IRC and each state's decoupling provisions.

Identifying all of the states' coupling and decoupling developments during 2015 is beyond the scope of this article, as are the resulting implications of all applicable states' statutory conformity update to the IRC.

[7]HB 49B, 2015 Leg., 1st Spec. Sess. (Ala., 2015).

[8]15 U.S.C. sections 381-384.

[9]HB 2440, 52nd Leg., 1st Reg. Sess. (Ariz., 2015).

[10]HB 2568, 52nd Leg., 1st Reg. Sess. (Ariz., 2015).

[11]SB 1188, 52nd Leg., 1st Reg. Sess. (Ariz., 2015).

[12]HB 1427, 90th Leg., 1st Sess. (Ark., 2015).

[13]SB 320, 90th Leg., 1st Sess. (Ark., 2015).

[14]SB 490, 90th Leg., 1st Sess. (Ark., 2015).

[15]HB 7061, 2015 Leg., Reg. Sess. (Conn., 2015).

[16]SB 1502, 2015 Leg., 1st Spec. Sess. (Conn., 2015).

[17]This effective date was specified in SB 1502, 2015 Leg., 1st Spec. Sess. (Conn., June 2015), thus amending HB 7061, 2015 Leg., Reg.

(Footnote continued on next page.)

- limiting the deduction of net operating losses to 50 percent of Connecticut income effective for income years commencing on or after January 1, 2015;
- limiting the application of tax credits to 50.01 percent of the amount of tax due (this change is effective for income years commencing on or after January 1, 2015);
- extending the film production tax credit limitations through June 30, 2017;
- requiring the commissioner of revenue to review the effect of alternative methods of apportionment and provide recommendations in a report delivered to the Finance, Revenue, and Bonding Committee of the General Assembly on or before February 1, 2016;
- extending the First Five Plus program through June 30, 2016, allowing the Department of Economic and Community Development to provide flexible financial assistance in exchange for job creation and other investments in Connecticut;
- raising the cap on the Neighborhood Assistance Act tax credit from $5 million to $10 million per fiscal year (this change is effective July 1, 2017); and
- raising the cap on the Urban and Industrial Site Reinvestment tax credit from $800 million to $950 million (this change is effective July 1, 2015).

Further, HB 7061 and SB 1502 amended Connecticut's insurance premiums tax, hospital gross receipts tax, cigarette tax, estate and gift tax, personal income tax, sales and use tax, and admission tax regimes.

Delaware

In Delaware, HB 15[18] was signed into law by Gov. Jack Markell (D) and affects captive insurance companies by defining the term "series captive insurance company" for Delaware gross premium insurance tax purposes and imposing an annual minimum aggregate tax of $3,500 for each series captive insurance company. The new law also provided that if at least one of two or more captive insurance companies under common ownership and control has 25 qualified individuals (that is, natural persons employed in Delaware on a regular basis of 35 or more hours per week), then all captive insurance companies under common ownership and control shall be taxed as though they were a single captive insurance company. Finally, the new law increased the maximum tax on premiums on policies or contracts of insurance written by a captive insurance company and provided that Delaware's insurance commissioner shall determine the amount of minimum capital and surplus for a series captive insurance company.

Sess. (Conn. 2015), which had provided that this change was to apply to income years beginning on or after January 1, 2015.

[18]HB 15, 148th Leg., 1st Reg. Sess. (Del., 2015).

District of Columbia

The District of Columbia's Fiscal Year 2015 Budget Support Act of 2014[19] became law on February 26, 2015, and made various changes to the District's tax laws, including a phased-in reduction of the unincorporated and incorporated business franchise tax rates; the use of single-sales-factor apportionment for all business income; a revision to the sourcing rules for sales apportionment purposes; and the exemption of certain investment fund income from the unincorporated business franchise tax.

On July 27, 2015, Mayor Muriel Bowser (D) signed the Fiscal Year 2016 Budget Support Act of 2015,[20] which is emergency legislation that expires on October 25, 2015. The act includes an enumerated list of tax haven jurisdictions for combined reporting purposes and contains provisions for market sourcing of sales other than sales of tangible personal property for tax years beginning after 2014. On August 11, Bowser signed the Fiscal Year 2016 Budget Support Act of 2015,[21] which permanently included an enumerated list of tax haven jurisdictions for combined reporting purposes and clarified provisions for market-sourcing of sales other than sales of tangible personal property for tax years beginning after 2014.

Florida

Florida Gov. Rick Scott (R) signed HB 7009[22] on May 14, 2015, which modified the state's corporate income tax code. HB 7009 updated Florida's corporate income tax conformity date to the IRC as in effect on January 1, 2015, and decoupled from federal bonus depreciation and IRC section 179 expense deductions (to the extent that the section 179 expense deductions exceed $128,000) for assets placed in service during tax years ending after December 31, 2013 and before January 1, 2015.

Scott also signed HB 33-A into law, which made several changes to Florida's tax laws, including extending the Community Contribution Tax Credit Program, increasing funding for and changing distribution of the R&D tax credit, and increasing the maximum contaminated site rehabilitation corporate income tax credit from $5 million to $21.6 million for fiscal 2016.[23]

Georgia

In Georgia, effective immediately and applicable to all tax years beginning on or after January 1, 2014, HB 292,[24] signed into law by Gov. Nathan Deal (R), generally updated corporate income tax statutory references to the IRC as it existed on or before January 1, 2015 (previously, January 1,

[19]D.C. Act 20-0424 (B20-0750).

[20]D.C. Act 21-0127 (B21-283).

[21]D.C. Act 21-148 (B21-158).

[22]HB 7009, 2015 Senate, 1st Reg. Sess. (Fla., 2015).

[23]HB 33-A, 1st Spec. Sess. (Fla., 2015).

[24]HB 292, 2015 Leg., 1st Reg. Sess. (Ga., 2015).

2014). Georgia continues to decouple from some federal income tax provisions, including those involving the IRC section 179 deduction, IRC section 168(k) bonus depreciation, the IRC section 199 deduction for income attributable to domestic production activities, and certain federal NOL carryback provisions.

Hawaii

Hawaii Gov. David Ige (D) signed SB 1133,[25] which generally updated the state's statutory references to the IRC and provided that for tax years beginning after December 31, 2014, references to the IRC in the state's corporate tax laws refer to the federal law in effect as amended as of December 31, 2014. Another signed bill, SB 118,[26] requires a study addressing the potential effect of repealing the state corporate income tax dividends paid deduction for real estate investment trusts.

Idaho

In Idaho, Gov. C.L. Otter (R) signed H 77,[27] which generally conformed select references to the IRC in the state's tax law to the IRC in effect as of January 1, 2015.

Illinois

In February, Illinois Gov. Bruce Rauner (R) signed into law SB 3366,[28] which was adopted in response to a 2014 state appeals court decision involving a dispute over how insurance companies incorporated or organized outside Illinois but doing business in Illinois should treat their Illinois income tax for purposes of the Illinois retaliatory tax. SB 3366, effective retroactively to January 9, 2015, clarified that foreign insurance companies must use the cash basis method to calculate their income tax when determining "penalties, fees, charges, or taxes" for purposes of the retaliatory tax.

Rauner signed HB 3086[29] to amend the Illinois Income Tax Act as it relates to defining a captive real estate investment trust. The new law provides that for tax years ending on or after August 16, 2007, the voting power or value of the beneficial interest or shares of a REIT that is held in a segregated asset account of a life insurance company for the benefit of persons or entities who are immune or exempt from federal income taxes is not taken into account for purposes of determining if a REIT is a captive REIT.

Indiana

Indiana Gov. Mike Pence (R) signed into law SB 441[30] and HB 1472,[31] which collectively made numerous modifications to the state's corporate tax provisions. SB 441 eliminated Indiana's sales factor throwback rule for purposes of computing the state adjusted gross income tax. SB 441 also modified Indiana's intercompany intangible and interest expense addback statute to expand the addback requirement to include all intangible expenses and all directly related interest expenses. Further, SB 441 amended Indiana's intercompany expense addback statute by allowing an intercompany expense deduction if the related-party recipient receives an item of income that corresponds to the directly related interest expenses and the recipient is subject to Indiana's financial institutions tax (FIT), files a FIT return, and apportions the items of income that correspond to the intangible expenses and the directly related interest expenses in accordance with Indiana FIT statutes. Finally, SB 441 amended the definition of business income to mean "all income that is apportionable to the state under the Constitution of the United States." SB 441 likewise extended the sunset date for Indiana's venture capital investment tax credit and Hoosier business investment tax credit from January 1, 2017 to January 1, 2021.

HB 1472, effective retroactively to January 1, 2015, generally updated Indiana's corporate tax statutory references to the IRC to refer to the federal law as in effect on January 1, 2015 (previously, January 1, 2013). For tax years ending before January 1, 2013, the law continues to decouple from some IRC provisions. HB 1472 also increased from 60 days to 90 days the period to appeal to the Indiana Tax Court a letter of finding or a claim denial from the state Department of Revenue. Also, language was added regarding what constitutes a modification to a federal income tax return, which triggers a reporting requirement to the state.

Iowa

In Iowa, Gov. Terry Branstad (R) signed SF 479,[32] retroactive to tax years beginning on or after January 1, 2015. SF 479 provided that national broadcasting companies are subject to Iowa corporate income tax based on their broadcasting income attributable to business in the state as defined under the new law. Underlying fiscal notes to this legislation explain that it provided for the imposition and calculation of Iowa corporate income tax on national broadcast companies based on economic nexus principles under Iowa case law.[33] Also, Branstad signed SF 126[34] generally updating state income tax code references to the IRC as

[25]SB 1133, 28th Leg., 1st Reg. Sess. (Haw., 2015).
[26]SB 118, 28th Leg., 1st Reg. Sess. (Haw., 2015).
[27]H 77, 63rd Leg., 1st Reg. Sess. (Idaho, 2015).
[28]SB 3366, 98th Leg., 1st Reg. Sess. (Ill., 2015).
[29]HB 3086, 99th Leg., 1st Reg. Sess. (Ill., 2015).
[30]SB 441, 2015 Leg., 1st Reg. Sess. (Ind., 2015).
[31]HB 1472, 2015 Leg., 1st Reg. Sess. (Ind., 2015).
[32]SF 479, 86th Leg., 1st Reg. Sess. (Iowa, 2015).
[33]Fiscal Note to SF 479, 86th Leg., 1st Reg. Sess. (Iowa, 2015), Iowa Legislative Services Agency, Mar. 26, 2015.
[34]SF 126, 86 Leg., 1st Reg. Sess. (Iowa, 2015).

amended through January 1, 2015 (previously January 1, 2014), applicable retroactively for tax years beginning on or after January 1, 2014, but decoupling from certain federal bonus depreciation provisions.

Louisiana

In July, Louisiana Gov. Bobby Jindal (R) signed HB 218,[35] HB 624,[36] HB 629,[37] and HB 805,[38] which collectively reduced some tax benefits and credits as well as suspended some exemptions for taxpayers in the state.

HB 218 repealed the three-year NOL carryback provisions and increased the carryforward period from 15 years to 20 years. HB 218 became effective beginning with any return filed on or after July 1, 2015, regardless of the tax year to which the return relates. HB 624 reduced various income exclusions by 28 percent, including exclusions applicable to dividend income, funds received by a corporation operating a public transportation system, some dividend income from Louisiana banks, income tax refunds, and some hurricane recovery benefits. Also, HB 624 reduced some deductions by 28 percent, including deductions applicable to the allowable depletion and expenses disallowed by IRC section 280C. Further, HB 624 reduced the amount of NOL that a taxpayer can use to offset current-year income. HB 629 reduced various tax credits by 28 percent. These law changes became effective for any return filed on or after July 1, 2015, regardless of the tax year to which the return relates. However, these changes will sunset on June 30, 2018, and the law will revert to the prior applicable law.

Additionally, HB 805 changed the inventory tax credit from a refundable credit to one in which 75 percent of excess credit amounts that exceed taxpayer liability will be refundable and 25 percent of the excess credit may be carried forward for up to five years. HB 805 also changed the R&D tax credit from a refundable credit to one in which the credit amounts may be carried forward for up to five years.

Maine

On February 12, Maine Gov. Paul LePage (R) signed Legislative Document 138[39] to update the state's income tax conformity to the federal income tax code with some exceptions such as bonus depreciation. Applicable to tax years beginning on or after January 1, 2014, and to any prior tax years as specifically provided by the IRC of 1986 and amendments as of December 31, 2014, LD 138 generally conformed state corporate income tax references to the IRC as in effect as of December 31, 2014 (previously, December 31, 2013). However, LD 138 decoupled from the federal bonus depreciation permitted for tax years beginning in 2014.

Massachusetts

Massachusetts Gov. Charlie Baker (R) signed H 3671,[40] which postponed the ASC 740 (formerly known as Statement 109, "Accounting for Income Taxes," or FAS 109) deduction. The deduction was scheduled to take effect with a combined group's tax year that begins in 2016. Under HB 3671, the deduction will start with a combined group's tax year that begins in 2021. The new law also revised the period over which the deduction may be claimed from the original seven-year period to 30 years.

Minnesota

Minnesota Gov. Mark Dayton (DFL) signed HF 6,[41] which retroactively conformed the state's corporate franchise tax to most federal income tax changes enacted as of December 31, 2014, with some exceptions, including Minnesota's statutory modifications involving bonus depreciation and IRC section 199 deductions.

Missouri

Missouri Gov. Jay Nixon (D) signed SB 19[42] in May, which clarified that the optional single-sales-factor apportionment method applies to sales other than the sale of tangible property and established market-based sourcing rules for such sales. Before enactment of SB 19, there was uncertainty regarding the proper method for sourcing sales other than the sale of tangible property under the optional single-sales-factor method. SB 19 provided specific guidance depending on the nature of the sales transaction — including market-based sourcing rules for specified transactions involving intangible property, such as certain licensing fees, franchise fees, and royalties received. If the state of assignment cannot be determined or reasonably approximated under these new sourcing rules, the sales are excluded from the denominator of the sales factor. Under the Missouri Constitution, SB 19 became effective August 28, 2015, which was 90 days after the adjournment of the legislative session on May 30, 2015.

Nevada

In June, Nevada Gov. Brian Sandoval (R) signed SB 483,[43] which enacted a new commerce tax effective July 1, 2015, that is applicable to business entities with Nevada-sitused gross revenue exceeding $4 million in a tax year. If a business entity's Nevada gross revenue exceeds $4 million,

[35]HB 218, 2015 Leg., 1st Reg. Sess. (La., 2015).
[36]HB 624, 2015 Leg., 1st Reg. Sess. (La., 2015).
[37]HB 629, 2015 Leg., 1st Reg. Sess. (La., 2015).
[38]HB 805, 2015 Leg., 1st Reg. Sess. (La., 2015).
[39]LD 138, 127th Leg., 1st Reg. Sess. (Me., 2015).

[40]H 3671, 189th Leg., 1st Reg. Sess. (Mass., 2015).
[41]HF 6, 89th Leg., 1st Spec. Sess. (Minn., 2015).
[42]SB 19, 98th Leg., 1st Reg. Sess. (Mo., 2015).
[43]SB 483, 78th Leg., 1st Reg. Sess. (Nev., 2015).

the excess is subject to tax at various rates that depend on the industry in which the business entity is primarily engaged.

The new commerce tax is imposed on Nevada gross revenue, which is determined starting with the total gross revenue of the business entity, less permitted deductions, and situsing the resulting amount based on applicable sourcing rules. Gross revenue is defined as "the total amount realized by a business entity from engaging in business in this State, without deduction for the cost of goods sold or other expenses incurred, that contributes to the production of gross income." Gross revenue does not include "amounts realized from the sale, exchange, disposition or other grant of the right to use trademarks, trade names, patents, copyrights and similar intellectual property"; the "value of goods or services provided to a customer on a complimentary basis"; cash discounts taken by a customer; amounts realized from transactions specified in IRC sections 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, or 1033; amounts indirectly realized from a reduction of an expense or deduction; the value of deductible donations (under IRC section 170(c)) to certain nonprofit organizations; and amounts not considered revenue under generally accepted accounting principles.

SB 483 provided various deductions from gross revenue, including:

- dividends and interest received on federal or Nevada (or political subdivisions thereof) bonds or securities;
- revenue amounts used to calculate certain industry-specific taxes in the gaming and mining industries;
- an amount equal to the excise tax paid on liquor for businesses required to pay liquor taxes under Nev. Rev. Stat. Ch. 369;
- certain amounts related to business entities required to pay insurance fees and taxes under Nev. Rev. Stat. Ch. 680B;
- the amount of the premiums used to calculate tax imposed under Nev. Rev. Stat. section 694C.450 ("Captive Insurers") and section 685A.180 ("Nonadmitted Insurance");
- some payments received by healthcare providers and healthcare institutions;
- some payments received by employee leasing companies;
- passthrough revenue received by a business, including revenue received by a business entity that is part of an affiliated group from another member of the affiliated group;
- the tax basis of securities and loans sold, as determined for federal income taxation;
- interest other than interest on credit sales;
- dividends and distributions from corporations and distributive receipts and income from passthrough entities;
- receipts for the sale, exchange, or other disposition of an asset described in IRC sections 1221 or 1231;
- receipts from some hedging transactions and loan repayments;
- some proceeds from insurance policies, litigation damages, bad debts expensed, customer returns and refunds, and cash discounts;
- some amounts realized from the sales of an account receivable; and
- some income from a passive entity.

The resulting adjusted gross revenue of the business entity from real property and tangible personal property is then sitused to Nevada using what is largely market-based sourcing. Adjusted gross revenue from services is sitused to Nevada "in the proportion that the purchaser's benefit in this State . . . bears to the purchaser's benefit everywhere with respect to . . . [the] purchased [services]."[44]

If the business entity's resulting Nevada gross revenue exceeds $4 million, the excess is taxed at different rates depending on the industry in which the business entity is primarily engaged. A business entity is considered primarily engaged in the business category in which the highest percentage of its Nevada gross revenue is generated. There are 26 business categories and rates that correspond to various North American Industry Classification System codes.

SB 483 also amended the Nevada tax on financial institutions and the business tax, both of which are based on payroll. Those amendments included the allowance of a credit against payroll-based taxes equal to 50 percent of the commerce tax paid by the employer in the preceding tax year. The credit may be used for any of the four calendar quarters immediately following the end of the tax year for which the commerce tax was paid.

SB 483 also amended the Nevada business tax based on payroll by increasing the existing tax rate on general businesses from 1.17 percent of total wages in excess of $85,000 paid by the employer each calendar quarter to 1.475 percent of total wages in excess of $50,000 paid by the employer each calendar quarter. Finally, SB 483 required a reduction in the rate of tax on financial institutions and the business tax to the extent that the total revenue collected by Nevada for these taxes and the commerce tax exceeds certain thresholds.

New Hampshire

In New Hampshire, Gov. Margaret Hassan (D) signed SB 9,[45] which will reduce New Hampshire's business profits tax from 8.5 percent to 8.2 percent, and its business enterprise tax from 0.75 percent to 0.72 percent, for tax periods ending on or after December 31, 2016. This legislation includes further business profits tax and business enterprise tax rate reductions that would apply for tax periods ending on or after December 31, 2018, if specified combined

[44]SB 483, 78th Leg., 1st Reg. Sess. (Nev., 2015).
[45]SB 9, 164th Leg., 1st Reg. Sess. (N.H., 2015)

unrestricted general and education trust fund revenue collection levels for the biennium ending June 30, 2017, are met. If such revenue levels are met, the business profits tax rate will be further reduced to 7.9 percent, and the business enterprise tax rate would be further reduced to 0.675 percent, for tax periods ending on or after December 31, 2018.

New Mexico

In New Mexico, Gov. Susana Martinez (R) signed HB 2a,[46] making numerous changes to the state's corporate income, corporate franchise, and personal income tax laws, including changes affecting the:

- sales factor for corporations headquartered in New Mexico;
- due date for electronically filed returns and payments;
- technology jobs credit;
- R&D small business credit;
- angel investment credit; and
- unreimbursed medical care expense deduction.

Also, the governor signed into law SB 356,[47] which established the Administrative Hearings Office (AHO) for tax-related disputes. SB 356 provided that, effective July 1, 2015, the AHO will function under the New Mexico Department of Finance and Administration and operate independently from the New Mexico Taxation and Revenue Department, replacing the latter's Hearings Bureau. The legislation also provided that the AHO will be headed by a chief hearing officer, who will be appointed by the governor on recommendation of a selection committee, with the current chief hearing officer of the hearings bureau acting as the interim chief hearing officer for the new AHO.

New York

On April 13, New York Gov. Andrew Cuomo (D) signed into law S 2009B/A 3009B and S 2006B/A 3006B, as part of the 2015-2016 state budget.[48] That legislation made technical corrections and other revisions to the New York state tax reform provisions enacted in 2014. Those law changes are effective as if originally enacted with the 2014 tax reforms, which generally pertained to tax years beginning on or after January 1, 2015.

The more significant technical corrections and other revisions to the New York state tax reform provisions enacted in 2014 include:

- redefining the definition of investment capital as investment in stock that meets five criteria;
- removing the provision stating that for purposes of determining the requisite holding period of a security to qualify as investment capital, the commissioner of the New York Department of Taxation and Finance would take into account offsetting positions the taxpayer takes in such security or similar securities;
- conforming the related statute addressing the investment capital holding period requirement to provide that if a taxpayer acquires stock that is a capital asset under IRC section 1221 during the tax year and owns that stock on the last day of the tax year, it will be presumed, solely for purposes of determining whether that stock should be classified as investment capital after it is acquired, that the taxpayer held that stock for more than one year;
- removing the subtraction of hedging losses and expenses from the computation of nontaxable investment income;
- adding a limitation on investment income so that if the taxpayer's investment income determined without regard to attributed interest deductions comprises more than 8 percent of the taxpayer's entire net income, investment income determined without regard to such interest deductions cannot exceed 8 percent of the taxpayer's entire net income (determined on a combined group basis when applicable);
- deleting a provision that permitted the exclusion from entire net income of a New York City refund or credit relating to the New York state stock transfer tax;
- clarifying that for purposes of computing the residential and small business loan subtraction modification for certain community banks and small thrifts, the $8 billion asset qualifying test for a combined group applies if the taxpayer is in a combined report and the assets of the combined group do not exceed $8 billion; and clarifying generally that the modifications for some community banks and small thrifts do not reduce the numerator and denominator of the apportionment fraction;
- clarifying that only unitary group members that meet the ownership test under Article 9-A (more than 50 percent voting power ownership) are considered in applying the aggregate bright-line economic nexus tests (in other words, only the New York receipts of $10,000 or more of unitary group members will be aggregated to determine whether the $1 million or more bright-line nexus threshold is met);
- clarifying that a non-U.S. corporation qualifying for New York's self-trading exemption will not be deemed to be subject to the bright-line economic nexus rules if its activities are limited to self-trading;
- clarifying that for purposes of qualifying as a New York manufacturer (for a 0 percent tax rate on the business income base), a combined group filing a combined report must meet the "principally engaged" test on a combined basis;
- limiting the type of New York property required to qualify as a New York manufacturer (for income tax, capital tax, and fixed dollar minimum tax purposes) to New York ITC property that is "principally used by the

[46]HB 2a, 52nd Leg., 1st Spec. Sess. (N.M., 2015).

[47]SB 356, 52nd Leg., 1st Reg. Sess. (N.M., 2015).

[48]Part T, Chapter 59, Laws of 2015; Part BB, Chapter 56, Laws of 2015.

taxpayer in the production of goods by manufacturing, processing, assembling, refining, mining, extracting, farming, agriculture, horticulture, floriculture, viticulture or commercial fishing" whereas the requirement enacted in 2014 had been satisfied with any New York ITC property (such as R&D property);

- establishing a capital base rate of 0.132 percent for tax years beginning in 2015 for qualified New York manufacturers and qualified emerging technology companies (QETCs); adding new fixed-dollar minimum tables for S corporations that are qualified New York manufacturers or QETCs; and adding that regarding qualified New York manufacturers, the fixed-dollar minimum tables apply in the case of a combined report only if the combined group satisfies the requirements to be a qualified New York manufacturer;
- clarifying that the deduction related to pre-2015 net operating losses (the prior net operating loss conversion (PNOLC) subtraction) can be claimed only until the calculated pool of pre-2015 NOLs is exhausted and that, except when the taxpayer elects to use its entire pool of pre-2015 NOLs in 2015 and 2016 (as elected on its first return for the 2015 tax year), the taxpayer may carry forward the PNOLC subtraction pool for no longer than 20 tax years or until the 2035 tax year, whichever comes first;
- amending certain apportionment provisions;
- eliminating the requirement that the designated agent of a combined group, a taxpayer that acts on behalf of the members of the group relating to the combined report, must be the parent corporation; and
- clarifying that the commonly owned group election (permitting qualifying nonunitary groups to file a combined return) is made on a timely filed return of the combined group, determined with regard to extensions.

New York City

On April 13, Cuomo signed S 4610A/A 6721A,[49] which provided for broad-based tax reform of the New York City corporate tax regime for tax years beginning on or after January 1, 2015. That legislation was intended to mirror the recent New York state tax reform provisions.

The more significant changes to the city's corporate tax structure, which are effective for tax years beginning on or after January 1, 2015, include:

- merging the bank tax and corporate franchise tax for large corporations (C corporations);
- imposing a 9 percent income tax rate on financial corporations;
- adopting a limited economic nexus concept for corporations that issue credit cards;
- adopting general customer-based (market) sourcing of receipts and specific sourcing rules for digital products and financial service receipts;
- maintaining the schedule to phase in single-sales-factor apportionment by 2018 but offering a one-time election for taxpayers/combined groups with $50 million or less of New York City receipts to retain the 2017 apportionment factor weighting (93 percent receipts, 3.5 percent payroll, 3.5 percent property);
- limiting what constitutes investment capital and investment income and modifying existing expense attribution rules so that only interest expense attributable to nontaxable investment or exempt income is subject to disallowance;
- changing the starting point for computing New York City taxable income for alien (non-U.S.) corporations with New York City nexus to federal effectively connected income determined without regard to tax treaties;
- changing the NOL provisions from a pre-apportioned to a post-apportioned computation;
- providing a three-year carryback for NOLs incurred in post-reform tax years, provided that no NOL can be carried back to a tax year beginning before January 1, 2015;
- adopting full water's-edge unitary combined reporting with a greater than 50 percent ownership test and an election to permit combined filing for certain commonly owned groups with a seven-year lock-in period;
- reducing the rate from 8.85 percent to 6.5 percent for qualifying non-manufacturers with less than $1 million of allocated business income;
- reducing the rate from 8.85 percent to 4.425 percent for qualifying manufacturers with less than $10 million of allocated business income;
- retaining the alternative tax base on capital and increasing the tax cap from $1 million to $10 million;
- eliminating the additional tax on subsidiary capital and eliminating most exclusions for income from subsidiaries while retaining an exemption for dividends and CFC income (defined by reference to IRC section 951(a)) from unitary subsidiaries;
- eliminating the alternative tax base equal to 8.85 percent on 15 percent of the excess of (a) net income plus the amount of salaries or other compensation paid to any person, including an officer, who at any time during the tax year owned more than 5 percent of the taxpayer's issued capital stock over (b) a $40,000 exemption;
- increasing the cap on the alternative fixed-dollar minimum tax to $200,000 for taxpayers with New York City gross receipts more than $1 billion;
- permitting New York City or taxpayers to adjust the apportionment of income or capital on which the taxpayer's return or any additional assessment was based when an assessment is made or a refund is claimed during the extended statute of limitations

[49]Part D, Chapter 60, Laws of 2015.

applicable in the event of a New York state change to income (or in some other situations), generally to the extent based on the New York state change to income; and

- making the following credits available under the newly created subchapter 3-A under Title 11, Chapter 6, section 1 of the NYC Administrative Code: New York City relocation and employment assistance program (REAP) credit, the Lower Manhattan REAP credit, the industrial business zone tax credit, and the New York City biotechnology credit.

North Carolina

North Carolina Gov. Pat McCrory (R) signed SB 20[50] to update corporate income tax conformity with the IRC as of January 1, 2015. However, the law also provided that any amendments to the IRC enacted after December 31, 2013, that increase North Carolina taxable income for the 2014 tax year become effective for tax years beginning on or after January 1, 2015.

McCrory also announced that final budget figures indicate that revenue has met the statutory trigger required for a 1 percent reduction in the state corporate income tax rate effective January 1, 2016.[51] Also, after months of debate, McCrory signed HB 97,[52] which provided numerous state tax law modifications, including:

- a three-year phase-in of single-sales-factor apportionment, commencing with tax years beginning on or after January 1, 2016;
- an informational reporting requirement for certain taxpayers reflecting the taxpayer's calculation of its tax year 2014 sales factor using market-based sourcing;
- an intercompany interest expense addback adjustment;
- revisions to the corporate income tax rate reduction statutory trigger; and
- various franchise tax capital base changes, including a new "net worth" tax base, expansion of the affiliated indebtedness adjustment relative to this new base, and a minimum tax increase.

North Dakota

In April, North Dakota Gov. Jack Dalrymple (R) signed SB 2349,[53] which reduces the state's corporate income tax rate by 5 percent. The new rates for the corporate income tax will be 1.41 percent on the first $25,000 of taxable income, 3.55 percent on the next $25,000, and 4.31 percent on amounts over $50,000.

Also, Dalrymple signed SB 2292,[54] which will phase in a single-sales-factor election for apportioning business income and eliminate the elective apportionment formula under North Dakota's adoption of the Multistate Tax Compact. Specifically, for the first two tax years beginning after December 31, 2015, SB 2292 allows a taxpayer that is not a passthrough entity to make an alternative apportionment election to apportion business income using a 50 percent-weighted sales factor. For the tax year beginning after December 31, 2017, the weight of the elective sales factor will increase to 75 percent and then to 100 percent for tax years beginning after December 31, 2018. The alternative apportionment election must be made on an originally filed return and is applicable for all companies in a unitary group and for all companies filing a consolidated North Dakota return. The new law also amended North Dakota's version of the Multistate Tax Compact to delete the Article III election provisions, the Article IV equally weighted three-factor apportionment formula, and the Article IX arbitration section.

Ohio

Ohio Gov. John Kasich (R) signed HB 19[55] to update Ohio's corporate tax conformity to the IRC. Specifically, HB 19 incorporated IRC changes made since March 22, 2013, into Ohio's corporate tax laws and permitted a taxpayer whose tax year ends after that date, but before the effective date of these incorporated changes, to elect to apply the IRC as it existed for that tax year. Ohio now generally adopts the changes to the IRC enacted under the federal Tax Increase Prevention Act of 2014 on December 19, 2014. However, Ohio continues to decouple from certain federal income tax provisions, including those involving the IRC section 179 deduction and IRC section 168(k) bonus depreciation.

Another bill signed into law, Substitute HB 64,[56] clarified that production credit associations and agricultural credit associations are exempt from Ohio's financial institutions tax. Taxpayers not subject to the financial institutions tax are subject to the commercial activity tax unless otherwise excluded. HB 64 also provided for several new and revised municipal income tax provisions, which will generally apply to tax years beginning on or after January 1, 2016. The changes include permitting a publicly traded partnership to elect to be taxed as a C corporation for municipal income tax purposes and changing the annual return filing

[50]SB 20, 2015 Leg., 1st Reg. Sess. (N.C., 2015).

[51]Press Release: "Governor McCrory Praises $445 Million Revenue Surplus," N.C. Office of the Governor (July 28, 2015).

[52] HB 97, 2015 Leg., 1st Reg. Sess. (N.C., 2015). Note that most of the tax provisions in HB 97, with the exception of certain sales tax changes, are set to automatically be repealed on January 1, 2016, if HB 117, 2015 Leg., 1st Reg. Sess. (N.C., 2015), and HB 943 2015 Leg., 1st Reg. Sess. (N.C., 2015), are not also ratified and signed into law.

[53]SB 2349, 64th Leg., 1st Reg. Sess. (N.D., 2015).

[54]SB 2292, 64th Leg., 1st Reg. Sess. (N.D., 2015).

[55]HB 19, 131st Leg., 1st Reg. Sess. (Ohio, 2015).

[56]Sub. HB 64, 131st Leg., 1st Reg. Sess. (Ohio, 2015).

deadline for municipal income taxpayers that are not individuals to the 15th day of the fourth month following the end of the taxpayer's tax year.

Oregon

Oregon Gov. Kate Brown (D) signed into law SB 61,[57] which updated Oregon's list of tax haven jurisdictions and confirmed that taxpayers may petition for alternate apportionment. Specifically, SB 61 added Guatemala and Trinidad and Tobago; removed Monaco; and replaced the Netherland Antilles, post-dissolution, with corresponding jurisdictions of Bonaire, Sint Eustatius, Sabo, Curacao, and Sint Maarten to the tax haven list. Also, SB 61 incorporated Oregon Revenue Statute section 314.667, which allows both taxpayers and the state to apply a different apportionment method if Oregon's apportionment provisions do not fairly reflect the extent of the taxpayer's activity in the state. Brown also signed into law SB 63,[58] which updated Oregon's corporate tax statutory references to the IRC as it existed on December 31, 2014 (previously, December 31, 2013), applicable "to transactions or activities occurring on or after January 1, 2015, in tax years beginning on or after January 1, 2015." Note that even with this new law, Oregon continues to have "rolling conformity" regarding the definition of "taxable income." Lastly, HB 2171, which was signed into law in July, essentially provided that for tax years beginning on or after January 1, 2015 and before January 1, 2021, Oregon tax credits may not be used to offset or reduce Oregon's corporate minimum tax. This limitation is removed for tax years beginning on or after January 1, 2021.[59]

South Carolina

South Carolina Gov. Nikki Haley (R) signed S 397[60] to generally update the state's corporate tax statutory references to the IRC, referring to the federal law in effect as amended through December 31, 2014. The new law also provided that if IRC sections adopted by South Carolina, which expired or portions thereof expired on December 31, 2014, are extended but otherwise not amended, these sections or portions thereof are also extended for South Carolina income tax purposes.

South Dakota

South Dakota Gov. Dennis Daugaard (R) signed SB 19,[61] which updated the state's statutory references to the IRC as it existed from January 1, 2014, to January 1, 2015, for state financial institution/bank franchise tax purposes.

Tennessee

Tennessee Gov. Bill Haslam (R) signed HB 0644.[62] HB 0644 included numerous modifications to state law, including the adoption of economic nexus thresholds for the business and the franchise and excise taxes, replacement of the apportionment formula double-weighted sales factor with a triple-weighted sales factor for calculating the franchise and excise tax, and amendments to the excise tax deduction for intangible expenses paid to an affiliate. The law also provided for market-based sourcing for sales other than the sale of tangible personal property and introduced an elective apportionment calculation for high-volume sellers with distribution centers in Tennessee.

Texas

Texas Gov. Greg Abbott (R) recently signed HB 32,[63] HB 3230,[64] and HB 2896,[65] which amended Texas's franchise tax rates, the rehabilitation of certified historic structures credit, and the broadcast apportionment rules.

HB 32 reduced the franchise tax rate from 1 percent to 0.75 percent of taxable margin for all taxpayers not primarily engaged in retail or wholesale trade and not filing an "EZ computation report." For taxpayers engaged in retail or wholesale trade, HB 32 reduced the franchise tax rate from 0.5 percent to 0.375 percent of taxable margin. HB 32 also expanded the eligibility to file the franchise tax EZ computation report.

HB 3230 modified the rules for taxpayers electing the rehabilitation of certified historic structures credit by amending the definition of eligible costs and expenses to clarify that a nonprofit corporation exempt under Texas Tax Code section 171.063 may include eligible costs and expenses incurred when determining the tax credit.

Finally, HB 2896 updated how broadcasters apportion their taxable margin. Specifically, the legislation provided that a taxable entity that is a broadcaster shall include in the numerator of the apportionment factor receipts arising from licensing income from broadcasting or otherwise distributing film programming by any means only if the legal domicile of the broadcaster's customer is in Texas. Further, the new law defined broadcaster, customer, film programming, and programming.

Utah

Utah Gov. Gary R. Herbert (R) signed SB 1001[66] from the 2015 first special session, which expanded provisions related to Utah's credit against or a refund of an overpayment of state corporate franchise or income taxes under state

[57]SB 61, 78th Leg., 1st Reg. Sess. (Or., 2015).
[58]SB 63, 78th Leg., 1st Reg. Sess. (Or., 2015).
[59]HB 2171, 78th Leg., 1st Reg. Sess. (Or., 2015).
[60]S 397, 121st Leg., 1st Reg. Sess. (S.C., 2015).
[61]SB 19, 2015 Leg., 1st Reg. Sess. (S.D., 2015).
[62]HB 0644, 109th Leg., 1st Reg. Sess. (Tenn., 2015).
[63]HB 32, 84th Leg., 1st Reg. Sess. (Tex. 2015).
[64]HB 3230, 84th Leg., 1st Reg. Sess. (Tex. 2015).
[65]HB 2896, 84th Leg., 1st Reg. Sess. (Tex. 2015).
[66]SB 1001, 2015 Leg., 1st Spec. Sess. (Utah 2015).

law that allows a claim for credit or refund of an overpayment that is attributable to a Utah net loss carryback or carryforward as long as it is filed within three years from the due date of the return for the tax year of the Utah net loss. Under SB 1001, a credit or refund is also mandated if: (i) the taxpayer and IRS agree to an extension, or a renewal of an extension, of the period for proposing and assessing a deficiency in federal income tax for that tax year or there is a change in or correction of federal taxable income for that tax year; and (ii) the taxpayer files a claim for the credit or refund before the expiration of the time period within which the Utah State Tax Commission may assess a deficiency. Apparently, the intent of this new law is to equalize the periods for which the tax commission may assess additional tax with the periods taxpayers may claim refunds.

Vermont

Vermont Gov. Peter Shumlin (D) signed H 489,[67] which updated Vermont's corporate income tax conformity to the IRC so that the state generally conforms to the IRC as in effect for the 2014 tax year, applicable to post-2013 tax years.

Virginia

Virginia Gov. Terry McAuliffe (D) signed HB 1400,[68] SB 1142,[69] and SB 1044.[70]

Applicable retroactively for tax years beginning on or after January 1, 2004, Virginia's HB 1400 included non-codified provisions limiting the subject to tax statutory exception to the state's intercompany intangible expense addback statute — regarding income that is subject to a tax based on or measured by net income or capital imposed by Virginia, another state, or a foreign government — to the portion of intercompany expense payments to the related member that corresponds to the portion of the related member's income where it has sufficient nexus to be taxed based on or measured by net income or capital in other states on a post-apportionment basis.

The bill also included non-codified provisions that limit the unrelated party safe harbor statutory exception to Virginia's intercompany intangible expense addback statute to the portion of income derived from licensing agreements for which the rates and terms are comparable to the rates and terms of agreements that the related member has entered into with unrelated entities. These same non-codified provisions were also in state budget bills enacted last year, and thus they were essentially continued with this bill.

SB 1142 required certain qualifying taxpayers entering into a memorandum of understanding with the Virginia Economic Development Partnership Authority, to make a new capital investment of at least $150 million in an enterprise data center in Virginia on or after July 1, 2015, to use a phased-in single-sales-factor apportionment formula in computing their state corporate income tax liability.

Finally, SB 1044 generally updated Virginia's corporate income tax conformity to the IRC as it existed on December 31, 2014 (previously, January 2, 2013). SB 1044 did not alter Virginia's decoupling from certain federal provisions, including the IRC section 168(k) bonus depreciation provisions, the five-year NOL carryback provisions under IRC section 172(b)(1)(H), the deferral of recognition of income from discharge of certain business indebtedness under IRC section 108(i), and the amount of the deduction allowed for domestic production activities under IRC section 199 for tax years beginning on or after January 1, 2010, and before January 1, 2013.

Washington

Washington Gov. Jay Inslee (D) signed Engrossed Substitute SB 6138,[71] which amended application of the state's B&O tax economic nexus standard and eliminated the preferential tax rate for royalty income. ESSB 6138 eliminated the physical presence nexus standard as applied to wholesaling activities and instead subjected those activities to an economic nexus standard. ESSB 6138 also amended Washington's economic nexus standard so that a taxpayer satisfying any one of the economic nexus bright-line thresholds in the immediately preceding tax year (as opposed to those previously applicable in any tax year standard) will have substantial nexus.

West Virginia

West Virginia Gov. Earl Ray Tomblin (D) signed HB 2115[72] to generally update West Virginia's tax code to adopt all amendments made to federal law after December 31, 2013, but before January 1, 2015, for state corporation net income tax purposes to the same extent those changes are allowed for federal income tax purposes, whether the changes are retroactive or prospective. The law states that "with respect to tax years that began before January 1, 2016, the law in effect for each of those years shall be fully preserved as to that year except as otherwise provided."

Wisconsin

On July 12, 2015, Wisconsin Gov. Scott Walker (R) signed SB 21,[73] which contains numerous changes to the state's corporate tax law provisions. SB 21 modified the qualification and computation of the manufacturing and agriculture tax credit, as well as the calculations and definitions for Wisconsin's R&D credit. The legislation also created a new business development credit intended to

[67]H 489, 2015 Leg. 1st Reg. Sess. (Vt., 2015).
[68]HB 1400, 2015 Leg., 1st Reg. Sess. (Va., 2015).
[69]SB 1142, 2015 Leg., 1st Reg. Sess. (Va., 2015).
[70]SB 1044, 2015 Leg., 1st Reg. Sess. (Va., 2015).
[71]ESSB 6138, 64th Leg., 3rd Spec. Sess. (Wash., 2015).
[72]HB 2115, 82nd Leg., 1st Reg. Sess. (W.Va., 2015).
[73]SB 21, 2015 Leg., 1st Reg. Sess. (Wis., 2015).

promote job creation and retention in Wisconsin. Lastly, SB 21 updated references to the IRC as amended through December 31, 2013, with certain exceptions, for state corporate tax purposes. One exception is Wisconsin's continued decoupling from bonus depreciation rules under IRC section 168(k).

Conclusion

From a review of these corporate income tax law changes, it appears that numerous states successfully tried to become more "tax friendly" for businesses while others focused more on decreasing budget shortfalls, with revenue-raising measures targeted at businesses. A handful of jurisdictions achieved revenue-neutral yet significant tax reforms. Regardless of the state's tax policy path, taxpayers should become familiar with these tax law changes, as well as the underlying legislative trends, to understand how their business organizations may be affected today and in the future. ✰