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Administrative:

**Michigan: City of Detroit Will Accept Cryptocurrency as a Form of Payment
Option for Certain Taxpayers**

News: Detroit to become largest city in US to accept cryptocurrency payments for taxes, other fees, City of Detroit, Mich. Off. of the Treasury (11/7/24). The City of Detroit, Michigan (City) Office of the Treasury issued a news release announcing that City residents “will soon have the option to pay taxes and other city fees using

cryptocurrency through a secure platform,” and in doing so, the City becomes “the largest US city to accept cryptocurrency payments.” According to the news release, this payment option is “part of a larger strategy by the City to explore innovative technologies that could enhance public services, strengthen civic engagement, and foster economic growth,” and marks the City’s “commitment to welcoming blockchain and technology entrepreneurs...” The release states that this new City payment option will become available “mid 2025.”

[URL: https://detroitmi.gov/news/detroit-become-largest-city-us-accept-cryptocurrency-payments-taxes-other-fees#:~:text=%E2%80%9CThe%20Treasurer’s%20Office%20is%20committed,services%20and%20benefit%20city%20residents.](https://detroitmi.gov/news/detroit-become-largest-city-us-accept-cryptocurrency-payments-taxes-other-fees#:~:text=%E2%80%9CThe%20Treasurer’s%20Office%20is%20committed,services%20and%20benefit%20city%20residents.)

The news release states that “as of November 2024, only three US states (Colorado, Utah, Louisiana) accept cryptocurrency for state payments.” Moreover, according to the news release, while the City of Miami, Florida and New York City, New York have expressed general support for cryptocurrency, currently neither accepts cryptocurrency as a form of payment. The release also notes that certain government localities in Florida and North Dakota accept cryptocurrency payments for certain provided local utilities and permits/fees. Please contact us with any questions.

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Income/Franchise:

Florida DOR Publishes Annual Guidance on Updated State Conformity to Internal Revenue Code

Tax Information Publication (TIP) No. 24C01-02, Fla. Dept. of Rev. (11/6/24). Referencing legislation enacted earlier this year that generally updates corporate income tax statutory references in Florida to conform to the Internal Revenue Code provisions as in effect on January 1, 2024 [see H.B. 7073 (2024), and *State Tax Matters*, Issue 2024-19, for more details on this legislation], the Florida Department of Revenue issued its annual tax information publication (TIP) explaining that while Florida generally will follow the computation of federal taxable income, it continues to require several modifications. These required modifications to federal taxable income include provisions involving bonus depreciation, qualified improvement property (QIP) placed in service on or after January 1, 2018, business meal expenses, and film, television, and live theatrical production expenses. Please contact us with any questions.

[URL: https://floridarevenue.com/taxes/tips/Documents/TIP_24C01-02.pdf](https://floridarevenue.com/taxes/tips/Documents/TIP_24C01-02.pdf)

[URL: https://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=80485](https://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=80485)

[URL: https://dhub.deloitte.com/Newsletters/Tax/2024/STM/240510_3.html](https://dhub.deloitte.com/Newsletters/Tax/2024/STM/240510_3.html)

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Sales/Use/Indirect:

Arizona Court of Appeals Addresses What Constitutes Processing Under Use Tax Manufacturing Exemption

Case No. 1 CA-TX 23-0003, Ariz. Ct. App. (11/7/24). Affirming summary judgment for the Arizona Department of Revenue in a case addressing whether a taxpayer that sanitizes hundreds of thousands of pounds of textiles (linens) on a weekly basis and rents them to customers in the healthcare industry qualifies for Arizona’s use tax manufacturing exemption, an Arizona Court of Appeals (Court) addressed at length the meaning of “processing” and held that the taxpayer in this case failed to qualify. In doing so, the Court explained that the definition of “processing” under state law contemplates a product that is converted to a marketable form, rather than a service as was performed here. Moreover, the Court noted that while it is undisputed that the taxpayer performs “mechanically and chemically intense, high-volume, industrial-scale sanitization,” it is also undisputed that the taxpayer owns, rents, delivers, and collects the textiles that it sanitizes (*i.e.*, the taxpayer sanitizes its own property, which is eventually returned to be sanitized again). In this respect, according to the Court, the taxpayer is not introducing new products to the market, but instead is restoring the original article for repeated use and thus was not performing a processing function for purposes of the exemption. Please contact us with any questions.

[URL: https://www.azcourts.gov/Portals/0/OpinionFiles/Div1/2024/1%20CA-TX%2023-0003%209WHalo%20v.%20ADOR.pdf](https://www.azcourts.gov/Portals/0/OpinionFiles/Div1/2024/1%20CA-TX%2023-0003%209WHalo%20v.%20ADOR.pdf)

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Multistate Tax Alerts

Throughout the week, we highlight selected developments involving state tax legislative, judicial, and administrative matters. The alerts provide a brief summary of specific multistate developments relevant to taxpayers, tax professionals, and other interested persons. Read the recent alerts below or visit the archive.

Archive: <https://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-archive.html?id=us:2em:3na:stm:awa:tax>

San Francisco voters approve changes to City's business taxes

On November 5, 2024, the City of San Francisco voters approved Proposition M, the "Local Small Business Tax Cut Ordinance." Effective January 1, 2025, Proposition M makes several changes to San Francisco's business tax regime, including:

1. Increasing the Gross Receipts Tax rate and altering the apportionment method and weighting for many taxpayers;
2. Lowering the threshold to be subject to Homelessness Gross Receipts Tax from \$50 million to \$25 million for most taxpayers; and
3. Lowering the Overpaid Executive Gross Receipts Tax rates.

Further, the San Francisco Tax Collector has announced that it is drafting new regulations to provide clarity around three topics:

1. Market sourcing;
2. Taxpayer requests for binding Advanced Determinations; and
3. A new Voluntary Disclosure program.

This Multistate Tax Alert provides a brief overview of the ballot measure and provides some taxpayer considerations.

[Issued November 7, 2024]

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/multistate-tax-alert-san-francisco-voters-approve-changes-to-city-business-taxes.pdf>

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