

HB 2275 STAFF MEASURE SUMMARY

Carrier: Rep. Smith Warner

House Committee On Revenue

Action Date: 02/23/17

Action: Do Pass.

Vote: 8-0-1-0

Yeas: 8 - Barnhart, Bentz, Hernandez, Johnson, Marsh, Nosse, Smith G, Smith Warner

Exc: 1 - Buehler

Fiscal: No fiscal impact

Revenue: Has minimal revenue impact

Prepared By: Chris Allanach, Senior Economist

WHAT THE MEASURE DOES:

Changes "business income" to "apportionable income" in accordance with recommendations from the Multistate Tax Commission (MTC). Applies to tax years beginning on or after January 1, 2018.

ISSUES DISCUSSED:

- Methods of determining if income is business income
- Difference between income that is allocated (to a given state) and income that is apportioned (among various states)

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Corporation income is considered to be either allocated income or apportioned income. Under current law income that is apportioned across states is termed "business income". Allocated income is attributed to a specific source. The MTC has recommended the drafted change in terminology. The MTC is an organization of state tax agencies created in 1967 that promotes tax uniformity among states.