

HB 2275 STAFF MEASURE SUMMARY

Carrier: Sen. Taylor

Senate Committee On Finance and Revenue

Action Date: 04/25/17
Action: Do pass.
Vote: 5-0-0-0
Yeas: 5 - Boquist, DeBoer, Hass, Riley, Taylor
Fiscal: No fiscal impact
Revenue: Has minimal revenue impact
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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:

- Definitions of terms used
- Specific test for determining if income is subject to apportionment
- No change in daily operations for the Department of Revenue

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.