



STUDY OF SINGLE SALES FACTOR FOR CORPORATION INCOME APPORTIONMENT

Presentation: Joint Subcommittee to Study the Benefits of Adopting a Single Sales Factor to Apportion the Income of Multistate Corporations for Purposes of the Corporation Income Tax

Virginia Division of Legislative Services

August 27, 2008



CORPORATION INCOME TAX APPORTIONMENT AMONG THE STATES FOR MANUFACTURING BUSINESSES

Single Sales Factor or Optional Single Sales Factor States	Colorado (05/08), Connecticut, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New York, Oregon, South Carolina, Texas, Wisconsin
Sales Factor at Least Double Weighted	Arizona, Arkansas, California, Florida, Idaho, New Hampshire, New Jersey, New Mexico, North Carolina, Ohio, Pennsylvania, Tennessee, Utah, Vermont, Virginia, West Virginia
Equal Weighted Payroll, Property, and Sales Factors	Alabama, Alaska, Delaware, Hawaii, Kansas, Mississippi, Montana, North Dakota, Oklahoma, Rhode Island, District of Columbia Source: Federation of Tax Administrators



SINGLE SALES FACTOR STATES: MANUF. RANK

State	2007 Mfg. Rank	State	2007 Mfg. Rank
Colorado	32	Massachusetts	18
Connecticut	25	Michigan	6
Georgia	11	Minnesota	14
Illinois	4	Missouri	16
Indiana	8	Nebraska	35
Iowa	22	New York	7
Kentucky	21	Oregon	24
Louisiana	30	South Carolina	22
Maine	38	Texas	2
Maryland	33	Wisconsin	10
		Source:	Bureau of Labor Statistics

SINGLE SALES FACTOR STATES: THROWBACK RULE

State	Throwback Rule	State	Throwback Rule
Colorado	Yes	Massachusetts	Yes
Connecticut	No	Michigan	No
Georgia	No	Minnesota	No
Illinois	Yes	Missouri	Yes
Indiana	Yes	Nebraska	No
Iowa	No	New York	No
Kentucky	No	Oregon	Yes
Louisiana	No	South Carolina	No
Maine	Yes	Texas	Yes
Maryland	No	Wisconsin	Yes

Source: New Hampshire Business Resource Center citing Federal Commerce Clearing House Inc., 2004

CORPORATION INCOME TAXATION OF MANUFACTURING BUSINESSES IN NEIGHBORING STATES

State	Apportionment	Throwback Rule
District of Columbia	Equal Weighted Payroll, Property, and Sales Factors	Yes
Georgia	Single Sales Factor or Optional Single Sales Factor	No
Kentucky	Single Sales Factor or Optional Single Sales Factor	No
Maryland	Single Sales Factor or Optional Single Sales Factor	No
North Carolina	Double Weighted Sales	No
South Carolina	Single Sales Factor or Optional Single Sales Factor	No
Tennessee	Double Weighted Sales	No
Virginia	Double Weighted Sales	No
West Virginia	Double Weighted Sales	No

Source:

New Hampshire Business Resource Center citing Federal Commerce Clearing House Inc., 2004; Federation of Tax Administrators



CORPORATION INCOME TAX APPORTIONMENT AMONG THE STATES

Trends

- Between 2000 and 2007, seventeen states increased the weighting of the sales factor.
- Over this same time frame no state decreased the weighting of the sales factor.

Source: Utah Office of Legislative Research and General Counsel, May 2007