

List of Legislative Targets for 2015

ALABAMA

- Seek *de minimis* exclusion for property taxes
- Put all property tax and exemption forms on a centralized website
- Increase timetable to protest an assessment to at least 60 days
- Seek repeal of MTC audit authority (income and sales)
- Ban contingent fee audits not just for tax, but also for unclaimed property
- Seek repeal of throwback
- Reform procedures for reporting federal tax changes including the provision of a clear definition of “final determination”
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Allow unclaimed property disputes to be resolved before an independent tribunal

About COST:

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January 2015

Summary for ALABAMA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C-

- Transparency: **C**
 - Property taxpayers receive valuation notices only if value increases, and no notice on how to appeal
 - Some valuation of property available via website at the local level
- Simplicity & Consistency: **D**
 - No *De minimis* exclusion
 - Ratios and caps vary greatly by property type. In 2013, the tax rate on commercial/industrial property was 2.092 times higher than the tax rate on residential property in Birmingham
 - Intangible property is taxable
- Procedural Fairness: **C**
 - The taxpayer must pay escrow/defer payment on disputed tax based on the prior year valuation before the same becomes delinquent or must file a supersedeas bond at the time of filing the appeal

State Tax Administration Overall Grade: B

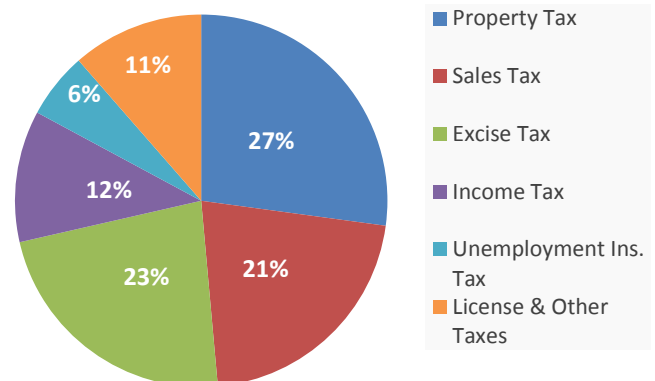
- Tax Tribunal was enacted in March 2014, but 13 counties and municipalities have “opted-out” of the Tax Tribunal’s jurisdiction
- No pay-to-play for appeals to the Tax Tribunal; however there is a tax prepayment (or bond) requirement for subsequent appeals to circuit court
- Only 30 days to protest an assessment
- Return due less than 30 days after Federal return
- Lacks clear definition of “final determination” and statutory time period for filing return to report federal changes
- Local jurisdictions hire private auditing firms

Unclaimed Property Statutes Overall Grade: C

- Business-to-Business transactions are not exempt
- More than 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Alabama
Property Tax	1.9
Sales Tax	1.5
Excise Tax	1.6
Income Tax (Corporate and Individual on Business Income)	0.8
Unemployment Ins. Tax	0.4
License & Other Taxes	0.8
Total Business Taxes	7.1
Total Effective Business Tax Rate (TEBTR)	4.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **34%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **43**
- Jobs Rank: **44**

* COST Scorecards

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[The Best and Worst of State Unclaimed Property Laws – October 2, 2013](#)

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[Competitiveness of State and Local Business Taxes – April 20, 2011](#)



List of Legislative Targets for 2015

ALASKA

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of property taxes
- Put all property tax and exemption forms on a centralized website
- Seek repeal of MTC audit authority (income)
- Repeal tax haven language
- Seek to repeal domestic disclosure spreadsheet language
- Seek legislation to enact separate filing, or make MUCR elective
- Ban contingent fee audits
- Enact election to file based on the federal consolidated group
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property

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Summary for ALASKA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C-

- Transparency: **C**
 - Only oil and gas property tax forms for the centrally assessed property tax are available on a centralized webpage
 - Valuation of property available via a website only at some county websites
- Simplicity & Consistency: **C**
 - Standardized forms are not required for locally assessed property
 - Oil and gas property is valued annually but no appraisal cycle required for real property
 - No *De minimis* exclusion
- Procedural Fairness: **D**
 - Objections to centrally assessed property must be filed within 20 days
 - Burden of proof on taxpayer
 - No ability for taxpayer to escrow the disputed amount of property tax

State Tax Administration Overall Grade: A-

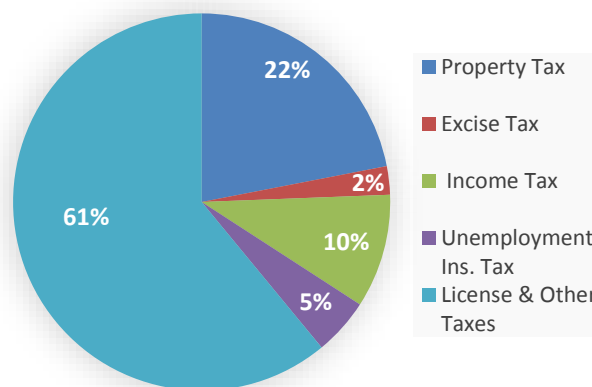
- Tax must be paid or a bond posted, to appeal to Superior Court
- It is not binding on the Department to issue bulletins stating its interpretation of provisions in tax laws

Unclaimed Property Statutes Overall Grade: D

- Business-to-Business transactions are not exempt
- No period of limitations
- Contingent fee audits are not banned for unclaimed property
- Gift certificates are not exempt
- Owner only entitled to receive pre-liquidation/conversion interest; interest may be imposed on holders

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Alaska
Property Tax	0.9
Excise Tax	0.1
Income Tax (Corporate and Individual on Business Income)	0.4
Unemployment Ins. Tax	0.2
License & Other Taxes	2.5
Total Business Taxes	4.2
Total Effective Business Tax Rate (TEBTR)	8.9%



State and Local Business Tax Competitiveness Index:

Taxes on New Investment by Selected Industries

- Weighted Capital Investment Rank: **41**
- Jobs Rank: **12**

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ARIZONA

- Seek *de minimis* exclusion for property taxes
- *Joyce over Finnegan*
- Seek legislation for 80-20 FOC exclusion
- Expand contingent fee audit prohibition to be applicable to the state (currently only applies to towns or cities)
- Seek legislation to enact separate filing, or make MUCR elective
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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Summary for ARIZONA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **B**
 - Website access to tax laws and regulations very limited or does not exist
- Simplicity & Consistency: **C**
 - No *de minimis* exclusion
 - No equal assessments. Ratios vary greatly by property type. In 2013, the effective tax rate on commercial/industrial property was 2.86 times higher than residential property in Phoenix
- Procedural Fairness: **C**
 - 30 days to file the initial appeal of an assessment of personal property
 - Burden of proof imposed on taxpayer by presenting competent evidence that the valuation is excessive
 - No ability for taxpayer to escrow the disputed amount of property tax

State Tax Administration Overall Grade: A -

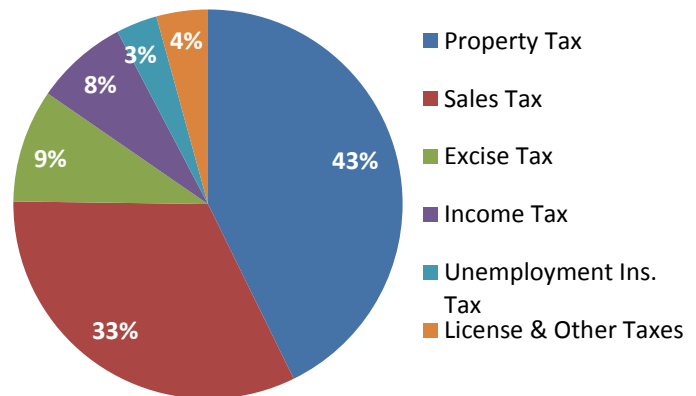
- 45 days from receipt of notice for taxpayers to file protest for all taxes except individual income tax
- A limited number of redacted private letter rulings are published on the website. Board of Tax Appeals decisions are published, but not updated frequently enough

Unclaimed Property Statutes Overall Grade: B+

- Contingent fee audits are not banned for unclaimed property
- Owner only entitled to pre-conversion/liquidated interest; interest may be imposed on holder

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Arizona
Property Tax	5
Sales Tax	3.8
Excise Tax	1.1
Income Tax (Corporate and Individual on Business Income)	0.9
Unemployment Ins. Tax	0.4
License & Other Taxes	0.5
Total Business Taxes	11.8
Total Effective Business Tax Rate (TEBTR)	4.9%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **47%**

State and Local Business Tax Competitiveness Index: Taxes on New Investment by Selected Industries

- Weighted Capital Investment Rank: **39**
- Jobs Rank: **42**

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List of Legislative Targets for 2015

ARKANSAS

- Seek *de minimis* exclusion for property taxes
- Put all property tax and exemption forms on a centralized website
- Incorporate a true independent tax dispute forum
- Seek to apply statute of limitations even-handedly to both assessments and refunds
- Provide clear definition of a “final determination” triggering requirement to report federal tax changes
- Only allow changes associated with a federal RAR to be subject to audit if normal statute of limitation has expired for assessing additional tax
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek repeal of throwback statute

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January 2015

Summary for ARKANSAS Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **C**
 - Internet document explaining property tax system is difficult to navigate
 - Taxpayers receive valuation notices but no appeals information
- Simplicity & Consistency: **C**
 - No consistency in due dates, they vary greatly by property type
 - No *de minimis* exclusion
 - Intangible property is included in the value of centrally assessed property
- Procedural Fairness: **C**
 - Less than 30 days to file the initial appeal of an assessment on personal property; less than 50 days for real property; and less than 10 days for centrally assessed property
 - Taxpayer cannot escrow the disputed amount of property tax for centrally assessed property

State Tax Administration Overall Grade: C-

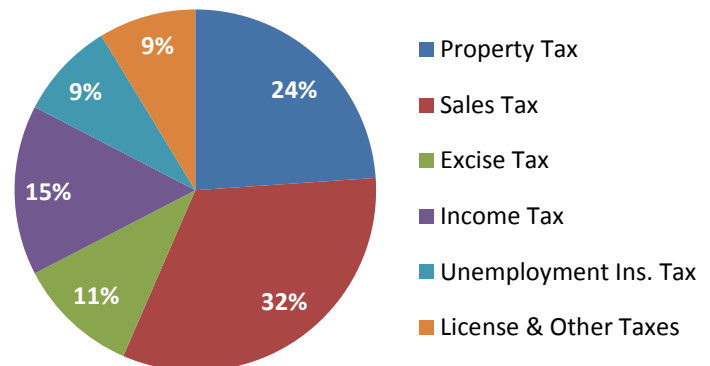
- No independent tax tribunal
- Pay-to-play: taxpayer may pay all or a portion of assessment or file bond to secure payment of tax
- Interest rates not equal: Underpayment – federal rate plus 2%, Overpayment – federal rate less 3%.
- Return is due on March 15th for calendar year taxpayers
- No specific definition of final determination; f
- Legal opinions of the DOR are not published, but are subject to disclosure in redacted form under FOIA; all information related to administrative appeals are confidential and not subject to release in any form

Unclaimed Property Statutes Overall Grade: C-

- Business-to-Business transactions are not exempt
- An action may not be commenced more than 10 years after holder specifically identifies property in a report or gives notice of dispute regarding property
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property
- Owner only entitled to pre-conversion/liquidation interest; interest may be imposed on holder

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Arkansas
Property Tax	1.1
Sales Tax	1.5
Excise Tax	0.5
Income Tax (Corporate and Individual on Business Income)	0.7
Unemployment Ins. Tax	0.4
License & Other Taxes	0.4
Total Business Taxes	4.5
Total Effective Business Tax Rate (TEBTR)	4.3%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **33%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: 36
- Jobs Rank: **39**

* COST Scorecards

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List of Legislative Targets for 2015

CALIFORNIA

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Incorporate a true independent tax dispute forum
- Increase timetable to protest a sales/use assessment to at least 60 days
- Repeal throwback language
- Enact legislation that follows *Joyce over Finnegan*
- Seek legislation to enact separate filing, or make MUCR elective
- Seek legislation for 80-20 FOC exclusion
- Seek legislation that bans contingent fee audits
- Enact election to file based on the federal consolidated group
- Seek to apply statute of limitations even-handedly to both assessments and refunds
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 15 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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Summary for CALIFORNIA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: B
 - Only state assessed taxpayers receive valuation notices. Locally assessed taxpayers in some counties do, but taxpayers in most counties are notified only by the tax bill
- Simplicity & Consistency: C
 - Local assessors have substantial autonomy
 - State government has standardized forms available, but counties routinely modify for county-specific information
 - Formal *de minimis* exception based on assessed value
 - Intangible property is constitutionally excluded; county treatment for locally-assessed property is inconsistent and in some counties the burden on the taxpayer to establish value is inordinate
- Procedural Fairness: D
 - Interest rates not equal: Underpayment – 9%, Overpayment – 3%
 - Burden of proof on taxpayer (except single family primary residence)
 - Property tax payments are due, notwithstanding appeals over disputes in value, and penalties will be assessed for failure to timely pay

State Tax Administration Overall Grade: D-

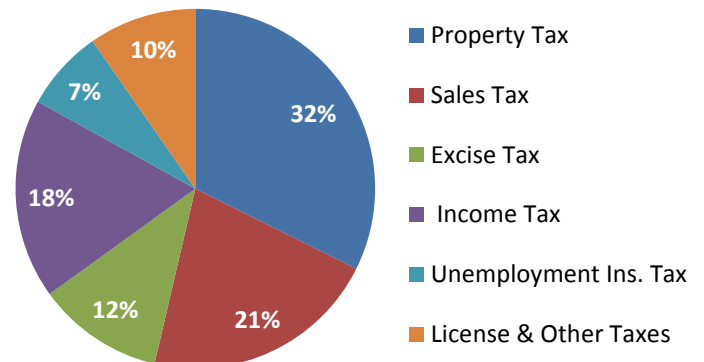
- No independent tax tribunal
- No pay-to-play before SBE hearing but a taxpayer must pay tax and accrued interest and file refund claim for *de novo* review at Superior Court
- Interest rates not equal for underpayment and overpayment
- Retroactive enactment of 20% underpayment penalty and 50% post-amnesty penalty
- Local jurisdictions hire contingent fee attorneys for tax assessment cases

Unclaimed Property Statutes Overall Grade: D

- Business-to-Business transactions are not exempt
- No period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property
- Owner only entitled to pre-conversion/liquidation interest; interest is imposed on holder

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	California
Property Tax	28.4
Sales Tax	18.7
Excise Tax	10
Income Tax (Corporate and Individual on Business Income)	15.8
Unemployment Ins. Tax	6.4
License & Other Taxes	8.5
Total Business Taxes	87.8
Total Effective Business Tax Rate (TEBTR)	4.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: 45%

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: 29
- Jobs Rank: 35

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List of Legislative Targets for 2015

COLORADO

- Eliminate any prepayment requirements to initially dispute a tax assessment
- Incorporate a true independent tax dispute forum
- Increase timetable to protest an assessment to at least 60 days
- Seek repeal of MTC audit authority (income and sales)
- Seek legislation to enact separate filing, or make MUCR elective
- Seek legislation that bans contingent fee audits
- Equalize interest rates for underpayments and overpayments
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property, not just certain paper gift certificates
- Allow unclaimed property disputes to be resolved before an independent tribunal

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January 2015

Summary for COLORADO Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **B**
 - The centralized website for property tax laws/regulations is very difficult to find and understand
 - Valuation of property available via a website at the local level only
- Simplicity & Consistency: **B**
 - No equal assessment. Ratios are 29% actual value except residential and real property and real property, which is set annually. There is an assessment cap of 45% on residential property. In 2013, the effective tax rate on commercial/industrial property was 3.621 times higher than the tax rate on residential property in Denver
- Procedural Fairness: **C**
 - 31-day appeal period for real property, 15 days for personal property
 - No ability to not pay or escrow

State Tax Administration Overall Grade: D

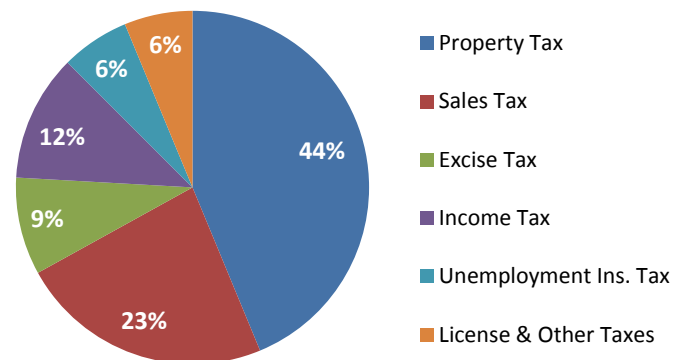
- No independent tax tribunal
- Pay-to-play
- Interest rates not equal for underpayment and overpayment
- Local sales tax administration creates onerous interpretive and compliance burdens including use of outside attorneys to prosecute tax cases
- Federal waiver extends period for CO DOR to conduct audit

Unclaimed Property Statutes Overall Grade: C-

- Business-to-Business transactions are not exempt
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property
- Gift certificates (except certain paper ones) are not exempt
- Owner only entitled to pre-conversion/liquidation interest; interest is imposed on holder

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Colorado
Property Tax	4.9
Sales Tax	2.6
Excise Tax	1
Income Tax (Corporate and Individual on Business Income)	1.3
Unemployment Ins. Tax	0.7
License & Other Taxes	0.7
Total Business Taxes	11.3
Total Effective Business Tax Rate (TEBTR)	3.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **49%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **18**
- Jobs Rank: **14**

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List of Legislative Targets for 2016

CONNECTICUT

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Provide clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Seek legislation enacting FOC 80/20 exclusion
- Repeal mandatory unitary combined reporting

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January 2015

Summary for CONNECTICUT Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: D+

- Transparency: **C**
 - Property tax forms and claims to request exemptions are on the county or municipal websites
 - Valuation of property available via a website at the local level only
- Simplicity & Consistency: **D**
 - Local assessors are fairly autonomous with limited authority by the Office of Policy and Management
 - No standardized forms
 - No *de minimis* exclusion
 - Appraisal cycle is usually every five years
- Procedural Fairness: **C**
 - Interest rate on underpayments is 18%, on overpayments is 1%
 - 20-day appeal period unless an extension is filed, in which case it is 50 days
 - Burden of proof on taxpayer by preponderance of evidence
 - No clear distinction between real and personal property

State Tax Administration Overall Grade: B

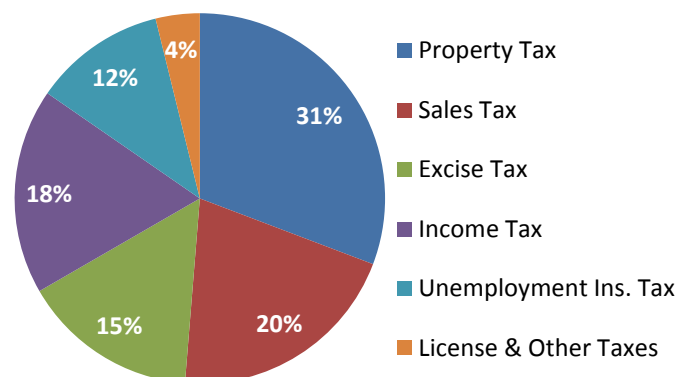
- Interest rates not equal for underpayment and overpayment; no interest paid on sales/use tax refunds
- Return due first day of the month next succeeding the due date of the corporation's federal return
- No automatic extension; must file Form 1120

Unclaimed Property Statutes Overall Grade: B-

- Business-to-Business transactions are not exempt
- No period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Interest paid to owner only when claimed; interest is imposed on holder

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Connecticut
Property Tax	2.4
Sales Tax	1.6
Excise Tax	1.2
Income Tax (Corporate and Individual on Business Income)	1.4
Unemployment Ins. Tax	0.9
License & Other Taxes	0.3
Total Business Taxes	7.7
Total Effective Business Tax Rate (TEBTR)	3.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **49%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **38**
- Jobs Rank: **32**

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List of Legislative Targets for 2016

DELAWARE

- Seek *de minimis* exclusion for property taxes
- Put all property tax and exemption forms on a centralized website
- Provide *de novo* appeal for property tax appeals to an independent tribunal
- Remove tax controversies from the scope of state *qui tam* statutes
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- For reports filed prior to July 22, 2002, shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group

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Summary for DELAWARE Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: D+

- Transparency: **D**
 - Property tax forms and claims to request exemptions are on the county websites
 - Internet document explaining property tax system only on some local level websites
- Simplicity & Consistency: **D**
 - Local assessors are fairly autonomous
 - No standardized forms
 - No *de minimis* exclusion
- Procedural Fairness: **C**
 - Burden of proof is on the taxpayer to show that a board acted contrary to the law
 - No *de novo* appeal
 - Taxpayer can pay the tax amount in dispute and request refund later, or not pay and penalties and interest will accrue starting three months after due date

State Tax Administration Overall Grade: B+

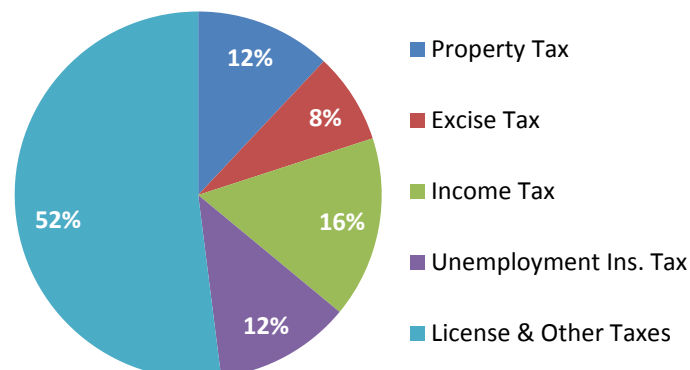
- DOR does not publish private letter rulings. Tax Appeals Board decision must be made available for public inspection
- No definition of final determination. IRS changes must be reported within 90 days on an amended return

Unclaimed Property Statutes Overall Grade: D-

- Business-to-Business transactions are not exempt
- For reports filed prior to 7/22/2002, state looks back on audit to 1980
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Penalties include 5% per month for failure to report, 0.5% for failure to pay, and 75% of the amount for fraudulent reporting
- Gift certificates are not exempt
- No interest paid to owners; interest may be imposed on holders

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Delaware
Property Tax	0.3
Excise Tax	0.2
Income Tax (Corporate and Individual on Business Income)	0.4
Unemployment Ins. Tax	0.1
License & Other Taxes	1.3
Total Business Taxes	2.4
Total Effective Business Tax Rate (TEBTR)	4.4%



State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **8**
- Jobs Rank: **5**

* COST Scorecards

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List of Legislative Targets for 2016

DISTRICT OF COLUMBIA

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Provide *de novo* appeal for all property tax appeals to an independent tribunal
- Increase timetable to protest an assessment to at least 60 days
- Seek repeal of MTC audit authority (income and sales)
- Repeal tax haven language
- Seek legislation to enact separate filing, or make MUCR elective
- Insert 80-20 FOC exclusion language
- Seek legislation to ban contingent fee audits
- Repeal throwback language
- Enact election to file based on the federal consolidated group
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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January 2015

Summary for DISCTRICT OF COLUMBIA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **B**
 - Only general property tax laws and regulations are on a centralized website which is difficult to find
- Simplicity & Consistency: **C**
 - No *de minimis* exclusion
 - Due dates are not consistent
- Procedural Fairness: **D**
 - Interest on underpayments is 10% annually, compounded daily. Interest on overpayments is set at one percentage point above the primary credit discount rate for the Richmond Federal Reserve Bank as of the previous Sept 30, not to exceed 6%
 - No ability to not pay or escrow

State Tax Administration Overall Grade: C

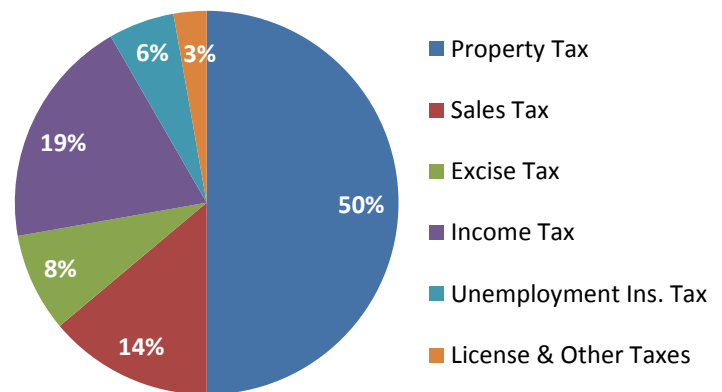
- Interest on underpayments is 10% annually, compounded daily. Interest on overpayments is set at one percentage point above the primary credit discount rate for the Richmond Federal Reserve Bank as of the previous Sept 30, not to exceed 6%
- The extent to which OTR rulings are redacted and published is unclear. Some OAH decisions are available through tax reporting services
- It remains unclear how combined reporting will be audited and administered, and what changes to the law/regulations still remain

Unclaimed Property Statutes Overall Grade: D

- Business-to-Business transactions are not exempt
- Period of limitations is more than 10 years
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Penalty for failure to report or pay is \$200 per day, for willful failure to report or pay, it is \$1,000 per day
- Gift certificates are not exempt
- Owner only entitled to pre-conversion/liquidation interest; interest may be imposed on holder

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	DC
Property Tax	1.8
Sales Tax	0.5
Excise Tax	0.3
Income Tax (Corporate and Individual on Business Income)	0.7
Unemployment Ins. Tax	0.2
License & Other Taxes	0.1
Total Business Taxes	3.6
Total Effective Business Tax Rate (TEBTR)	4.8%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **36%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **50**
- Jobs Rank: **50**

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List of Legislative Targets for 2016

FLORIDA

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Incorporate a true independent tax dispute forum
- Remove tax controversies from the scope of state *qui tam* statutes
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek repeal of *Finnegan* rules in favor of *Joyce* rules

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January 2015

Summary for FLORIDA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **B**
 - Property tax laws and regulations are on a centralized website which is difficult to navigate
 - Valuation of property is available via a website at the local level
- Simplicity & Consistency: **B**
 - Equal assessment for ratios, but caps vary by type
- Procedural Fairness: **C**
 - Interest on underpayments is 10% or 18%, overpayments resulting from successful value adjustment board petitions receive 12% interest
 - Partial payment must be made when appealing to the Value Adjustment Board if a final decision has not been made before the date of delinquency

State Tax Administration Overall Grade: C

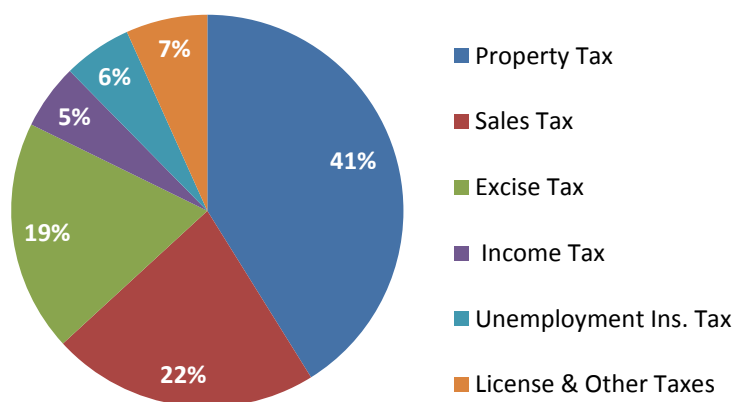
- No independent tax dispute forum
- Pay-to-play for judicial appeals
- Return due first day of fourth month following close of fiscal year. No automatic extension, must file Form F-7004
- No definition of “final determination”. IRS changes must be reported within 60 days by filing an amended return
- Direct appeals from Administrative Hearings Division are limited to prior record

Unclaimed Property Statutes Overall Grade: C

- Most business-to-business transactions are not exempt
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Penalty for failure to report and for failure to pay is \$500 per day
- Owner only entitled to pre-conversion/liquidation interest; interest may be imposed on holder

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Florida
Property Tax	15.3
Sales Tax	8.2
Excise Tax	7.1
Income Tax (Corporate and Individual on Business Income)	2
Unemployment Ins. Tax	2.1
License & Other Taxes	2.5
Total Business Taxes	37.1
Total Effective Business Tax Rate (TEBTR)	5.2%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **34%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **27**
- Jobs Rank: **26**

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List of Legislative Targets for 2015

GEORGIA

- Equalize interest rates for underpayments and overpayments of property taxes
- Increase timetable to protest an assessment to at least 60 days
- Seek repeal of MTC audit authority (sales)
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Ban contingent fee audits for unclaimed property (prohibited for tax)
- Enact election to file based on the federal consolidated group

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January 2015

Summary for GEORGIA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **B**
 - Valuation of property is available via a website at the local level
- Simplicity & Consistency: **B**
 - Local assessors are fairly autonomous. The Local Government Services Division supervises ad valorem tax administration
- Procedural Fairness: **C**
 - Interest on underpayments is a 10% penalty plus 1% monthly, overpayments do not appear to earn interest
 - No ability to not pay or escrow

State Tax Administration Overall Grade: B

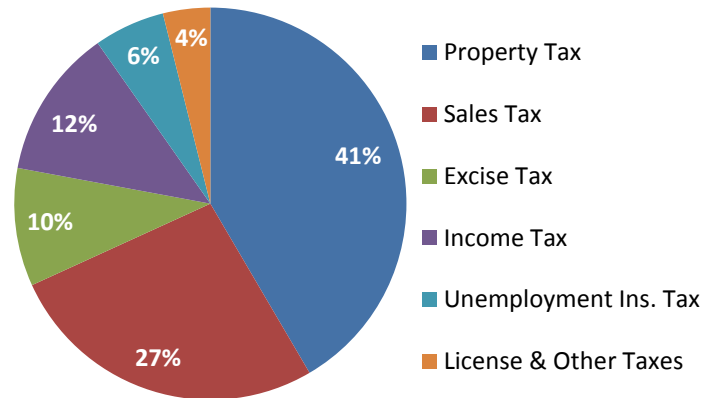
- 20% penalty on “frivolous” sales tax Refund claims and requirement to post bond for expedited refund
- No interest paid on Refunds if taxpayer fails to claim tax credits on return

Unclaimed Property Statutes Overall Grade: C

- Business-to-Business transactions are not exempt
- No period of limitations
- Gift certificates are not exempt

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Georgia
Property Tax	6.4
Sales Tax	4.1
Excise Tax	1.5
Income Tax (Corporate and Individual on Business Income)	1.9
Unemployment Ins. Tax	0.9
License & Other Taxes	0.6
Total Business Taxes	15.3
Total Effective Business Tax Rate (TEBTR)	3.8%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **44%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **16**
- Jobs Rank: **16**

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[Competitiveness of State and Local Business Taxes – April 20, 2011](#)

List of Legislative Targets for 2015

HAWAII

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Increase timetable to protest an assessment to at least 60 days
- Seek repeal of MTC audit authority (income and sales)
- Seek legislation to enact separate filing, or make MUCR elective
- Seek to repeal throwback statute
- Seek legislation to enact 80-20 FOC exclusion
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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January 2015

Summary for HAWAII Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: D+

- Transparency: **D**
 - Applicable laws are on the county level and there is no centralized website
 - Property tax forms available at the county level and not on a centralized website
 - There is no Internet document explaining property tax system
 - Valuation of property available via a website at the local level
- Simplicity & Consistency: **D**
 - Local assessors are fairly autonomous. There is no formal process for equalizing assessments
 - No standardized forms
 - No *de minimis* exclusion
 - Assessment caps vary by county. In 2013, the effective tax rate on commercial/industrial property was 3.563 times higher than the tax rate on residential property in Honolulu
 - Applicable laws do not address appraisal cycle
- Procedural Fairness: **C**
 - Interest on underpayments is 1% for each month, there is no interest on overpayments
 - Appeal period is 31 days for city and county of Honolulu, 30 days for Kauai county
 - Burden of proof is on taxpayer to present evidence that assessment is not correct

State Tax Administration Overall Grade: B-

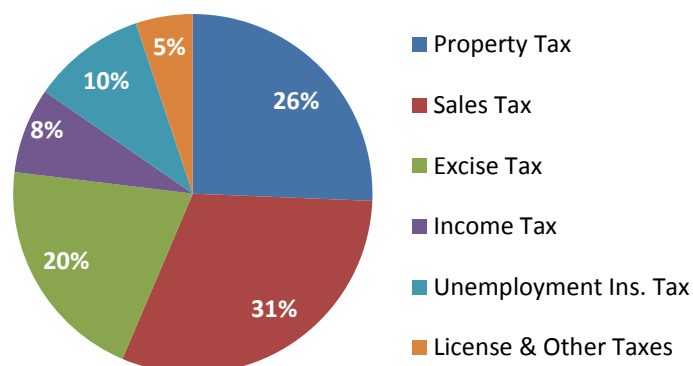
- Interest rate on underpayment is .66% per month, on overpayments .33% with a 90-day grace period
- 30 days to protest an assessment
- Return is due the 20th day of the 4th month following close of fiscal year; no automatic extension
- No definition of final determination. Changes must be reported within 90 days on an amended return

Unclaimed Property Statutes Overall Grade: D

- Business-to-Business transactions are not exempt
- Period of limitations expire 10 years after the holder identified the property in a report
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Penalty for failure to pay or file is \$200 per day; willful failure to pay or fraudulent report is \$1,000 per day, plus 25% of value of property that should have been paid
- Owner entitled to preliquidation/conversion interest; interest may be imposed on holders

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Hawaii
Property Tax	1
Sales Tax	1.2
Excise Tax	0.8
Income Tax (Corporate and Individual on Business Income)	0.3
Unemployment Ins. Tax	0.4
License & Other Taxes	0.2
Total Business Taxes	3.8
Total Effective Business Tax Rate (TEBTR)	6.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **33%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **46**
- Jobs Rank: **43**

* COST Scorecards

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[Competitiveness of State and Local Business Taxes – April 20, 2011](#)

List of Legislative Targets for 2015

IDAHO

- Put all property tax and exemption forms on a centralized website
- Seek repeal of MTC audit authority (income and sales)
- Seek to repeal domestic disclosure spreadsheet language
- Seek legislation to enact separate filing, or make MUCR elective
- Seek legislation to enact 80-20 FOC exclusion
- Seek to repeal throwback statute
- Enact election to file based on the federal consolidated group
- Ban contingent fee audits
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- When holder has not filed a report, shorten statute of limitations for unclaimed property reporting and liability from 7 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property, not just ones with expiration dates
- Allow unclaimed property disputes to be resolved before an independent tribunal

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January 2015

Summary for IDAHO Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **B**
 - Property tax specific laws and regulations are not on a centralized website
 - Property tax forms are not available on a centralized website
 - Internet document explaining property tax system does not include the appeals process
- Simplicity & Consistency: **B**
 - No standardized forms
 - In 2013, the effective tax rate on commercial/industrial property was 2.068 times higher than the tax rate on residential property in Boise
 - Annual appraisal cycle is supplemented by reappraisal including physical inspection at least every 5 years
- Procedural Fairness: **C**
 - 30 days to protest a local assessment; no set time period for centrally assessed property
 - Burden of proof is on taxpayer by preponderance of the evidence
 - No ability to not pay or escrow

State Tax Administration Overall Grade: B

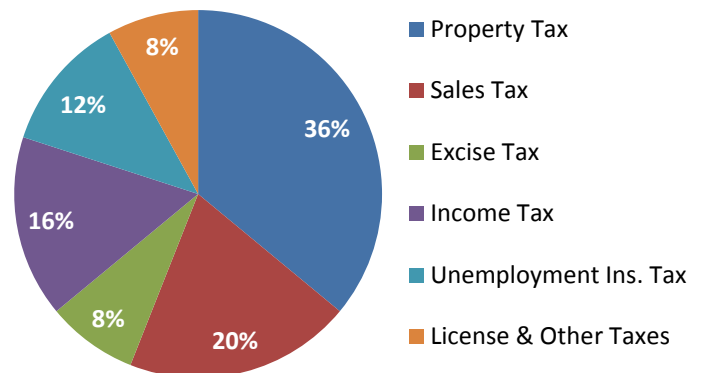
- Board of Tax Appeals is within Department of Revenue; no tax expertise required; no appeal to the Board allowed if controversies exceed \$25,000
- Pay-to-play 20% of the amount asserted for appeal to Board of Tax Appeals or District Court

Unclaimed Property Statutes Overall Grade: C+

- Business-to-Business transactions are not exempt
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Gift certificates without an expiration date are not exempt
- Penalty for failure to pay is 5% of value of property that should have been paid
- Owner entitled to interest on interest-bearing property and preliquidation/conversion interest; interest may be imposed on holder

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Idaho
Property Tax	0.9
Sales Tax	0.5
Excise Tax	0.2
Income Tax (Corporate and Individual on Business Income)	0.4
Unemployment Ins. Tax	0.3
License & Other Taxes	0.2
Total Business Taxes	2.4
Total Effective Business Tax Rate (TEBTR)	4.5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **28%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **30**
- Jobs Rank: **30**

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List of Legislative Targets for 2015

ILLINOIS

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of property taxes
- Put all property tax and exemption forms on a centralized website
- Remove tax controversies from the scope of state *qui tam* statutes
- Repeal throwback statute
- Enact election to file based on the federal consolidated group
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Increase time for filing a federal change to at least 180 days from final determination

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January 2015

Summary for ILLINOIS Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C-

- Transparency: **C**
 - Property tax regulations are not on a centralized website which is very limited and does not include forms
 - Taxpayers outside Cook County generally receive a mailed notice. All changes in real property assessments must be published in a newspaper of general circulation in each county annually; a complete list must be published every four years
- Simplicity & Consistency: **C**
 - Local assessors are fairly autonomous; department administers some aspects
 - No standardized forms except for filing appeals
 - No *de minimis* exclusion
 - Assessment ratios are 33% except for Cook County. There are no assessment caps but counties may cap at 7% per year. In 2013, the effective tax rate on commercial/industrial property was 2.617 times higher than the tax rate on residential property in Chicago
- Procedural Fairness: **C**
 - Interest on underpayments is 1.5% monthly, interest on overpayments is at the discretion of the decision making body
 - Burden of proof is on taxpayer by preponderance of the evidence if the appeal is based on market value at the Property Tax Appeal Board level. If the appeal is based on lack of uniformity or at Circuit Court level, the burden on taxpayer is by clear and convincing evidence
 - No ability to not pay or escrow

State Tax Administration Overall Grade: B-

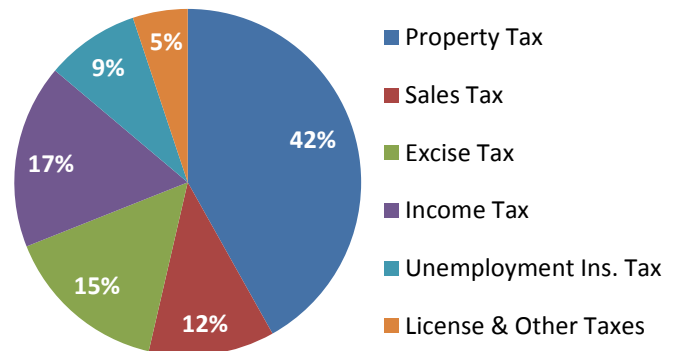
- Significant controversy on what constitutes a final determination. IL DOR can make adjustments that are not related to the RAR
- Eligible tax liabilities not satisfied during amnesty periods are subject to interest 200% of normal rate
- Statutes allow *Qui Tam* lawsuits for non-income tax
- Failure to implement Tax Tribunal resulting in six-month delay
- Appointment of Chief ALJ to Tax Tribunal without state tax expertise

Unclaimed Property Statutes Overall Grade: A-

- Penalty for failure to pay is \$500 per day – each day is a separate offense. Willful refusal to pay is a class B Misdemeanor with up to 6 months imprisonment and \$1,500 fine
- No interest paid to owner, interest may be imposed on holder

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Illinois
Property Tax	13.9
Sales Tax	3.9
Excise Tax	5.1
Income Tax (Corporate and Individual on Business Income)	5.7
Unemployment Ins. Tax	2.9
License & Other Taxes	1.7
Total Business Taxes	33.1
Total Effective Business Tax Rate (TEBTR)	5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **42%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **5**
- Jobs Rank: **8**

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List of Legislative Targets for 2015

INDIANA

- Seek *de minimis* exclusion for property taxes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Equalize interest rates for underpayments and overpayments
- Provide a clear definition of “final determination” triggering requirement to report federal tax changes
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek repeal of *Finnegan* rules in favor of *Joyce* rules
- Enact election to file based on the federal consolidated group
- Seek legislation allowing FOC 80/20 exclusion
- Remove tax controversies from the scope of *qui tam* statutes

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January 2015

Summary for INDIANA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B

- Transparency: **A**
- Simplicity & Consistency: **B**
 - No *de minimis* exclusion
 - Ratios are 100% of true tax value; assessments caps vary by property type. In 2013, the effective tax rate on commercial/industrial property was 2.831 times higher than the tax rate on residential property in Indianapolis
- Procedural Fairness: **B**
 - 45 day appeal period
 - Burden of proof is on taxpayer to establish a prima facie case proving both that the current assessment is incorrect and what the correct assessment should be
 - Taxpayer must pay an amount based on the previous year's assessment if real property is involved in an appeal
 - 30% minimum valuation on depreciable personal property in a taxing district, with limited exclusions, is unreasonable

State Tax Administration Overall Grade: B+

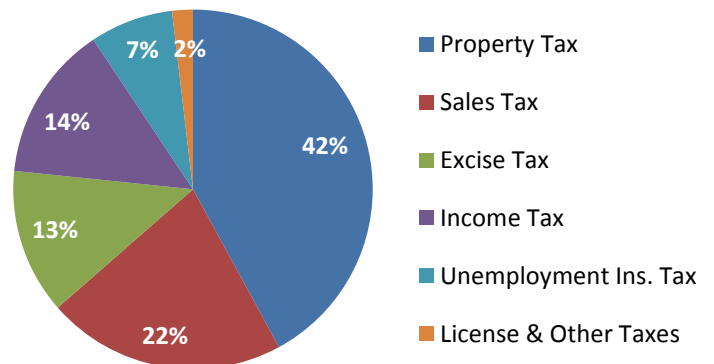
- Pay-to-play; before reaching the Tax Court the taxpayer must petition to enjoin collection of the tax
- No substantive definition of final determination

Unclaimed Property Statutes Overall Grade: A-

- Period of limitation is more than 10 years
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Indiana
Property Tax	4.5
Sales Tax	2.3
Excise Tax	1.4
Income Tax (Corporate and Individual on Business Income)	1.5
Unemployment Ins. Tax	0.8
License & Other Taxes	0.2
Total Business Taxes	10.6
Total Effective Business Tax Rate (TEBTR)	3.7%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **32%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **19**
- Jobs Rank: **21**

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List of Legislative Targets for 2015

IOWA

- Equalize interest rates for underpayments and overpayments of property taxes
- Put all property tax and exemption forms on a centralized website
- Incorporate a true independent tax dispute forum
- Provide a clear definition of “final determination” triggering requirement to report federal tax changes
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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January 2015

Summary for IOWA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C-

- Transparency: **C**
 - Property tax laws and regulations are not on a centralized website; website has limited forms
- Simplicity & Consistency: **B**
 - Ratios are 100% of market value except for agricultural real estate. There is a 4% cap on residential, agricultural, commercial, railroads and industrial assessments. Central assessments are capped at 8%
 - Intangible property is taxable
- Procedural Fairness: **D**
 - Interest on underpayments is 1.5% monthly, no interest on overpayments
 - Appeal period is 30 days for centrally assessed and 20 days for locally assessed property
 - Burden of proof is on taxpayer attaching such valuation as excessive, inadequate, inequitable, or capricious
 - No ability to not pay or escrow

State Tax Administration Overall Grade: B+

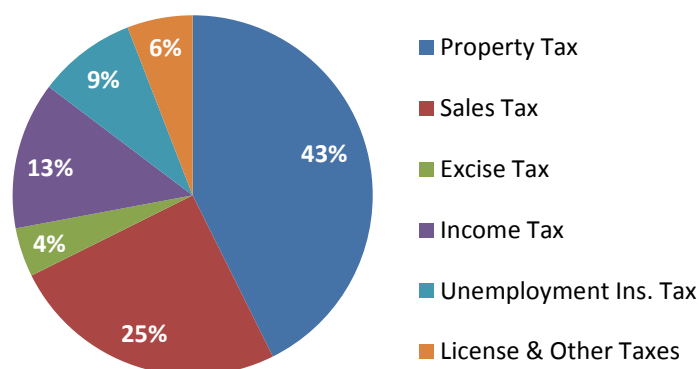
- No independent tax dispute forum
- No definition of final determination; IRS changes must be reported “as soon as possible”

Unclaimed Property Statutes Overall Grade: B-

- No period of limitation
- Contingent fee audits are not banned
- Gift certificates are not exempt

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Iowa
Property Tax	2.9
Sales Tax	1.7
Excise Tax	0.3
Income Tax (Corporate and Individual on Business Income)	0.9
Unemployment Ins. Tax	0.6
License & Other Taxes	0.4
Total Business Taxes	6.8
Total Effective Business Tax Rate (TEBTR)	4.5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **39%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **14**
- Jobs Rank: **18**

* COST Scorecards

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[Competitiveness of State and Local Business Taxes – April 20, 2011](#)

List of Legislative Targets for 2015

KANSAS

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Seek repeal of MTC audit authority (income and sales)
- Seek legislation to enact separate filing, or make MUCR elective
- Enact legislation that follows *Joyce over Finnegan*
- Seek legislation to enact 80-20 FOC exclusion
- Enact election to file based on the federal consolidated group
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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January 2015

Summary for KANSAS Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **C**
 - Property tax laws are on a centralized website but not the regulations
 - Internet document explaining property tax system is very limited
- Simplicity & Consistency: **C**
 - Assessment ratios vary greatly by type, from 11% to 33% of fair market value
 - Annual appraisal cycle with physical inspection every six years
 - Intangible property is not exempt
- Procedural Fairness: **D**
 - Interest on underpayments is 4-6%, interest on overpayments is 2-6%
 - Appeal period is 30 days for real property and 14 days for personal property
 - Property tax litigation over expansion of real property definition (personal property being phased out)

State Tax Administration Overall Grade: A-

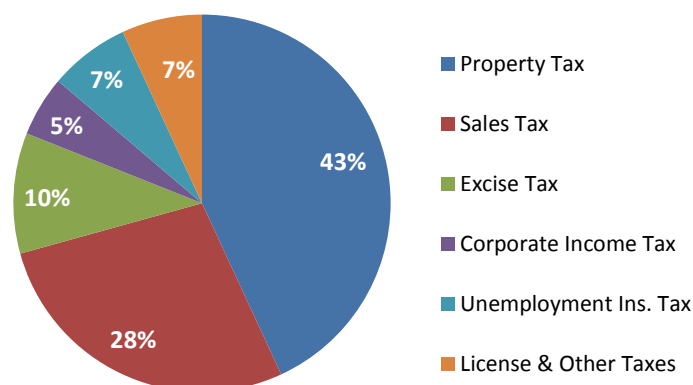
- 125% bond is required when appealing a COTA decision
- No definition of final determination

Unclaimed Property Statutes Overall Grade: B+

- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Penalty for failure to report is \$100 per day; for failure to pay, 25% of the property value; willful failure to pay is a Class B misdemeanor with up to 6 months imprisonment

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Kansas
Property Tax	2.5
Sales Tax	1.6
Excise Tax	0.6
Income Tax (Corporate and Individual on Business Income)	0.3
Unemployment Ins. Tax	0.4
License & Other Taxes	0.4
Total Business Taxes	5.9
Total Effective Business Tax Rate (TEBTR)	4.7%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **45%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **48**
- Jobs Rank: **48**

* COST Scorecards

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List of Legislative Targets for 2015

KENTUCKY

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Increase timetable to protest an assessment to at least 60 days
- Seek repeal of MTC audit authority (income and sales)
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Seek to apply statute of limitations even-handedly to both assessments and refunds
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 15 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group

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January 2015

Summary for KENTUCKY Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **C**
 - There is a centralized website but information is not property tax specific
 - Property tax exemption request forms are not available on the website
 - Information on property tax system is difficult to find
 - Valuation of property available via a website at the local level
- Simplicity & Consistency: **B**
 - Local assessors have some autonomy
 - Local assessors can exclude assessments up to \$10
 - Not all intangible property is exempt
- Procedural Fairness: **D**
 - Interest on underpayments is 6%, interest on overpayments is 2%
 - Burden of proof is on taxpayer by preponderance of the evidence
 - Appeals to the county circuit court are *de novo* as to law only, not value
 - No mechanism to not pay; disputed tax amount can be partially paid on the value declared in the appeal

State Tax Administration Overall Grade: C

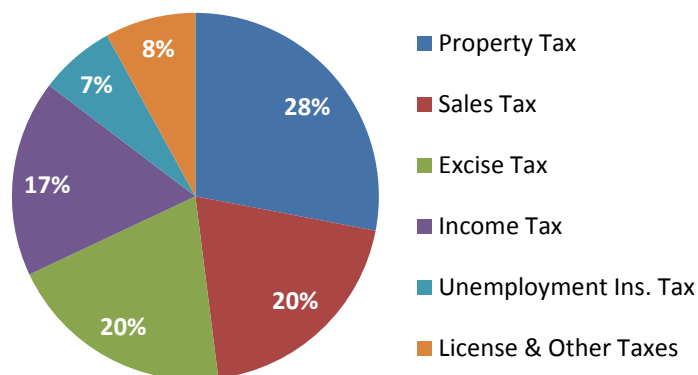
- No tax expertise is required to be a member of KBTA
- Bond required for appeals to circuit court
- Interest rates for underpayment and overpayment are not equal
- Less than 60-day (45 days) period to protest an assessment
- IRS changes must be reported within 30 days on an amended return
- DOR guidance is not published in any form; KBTA decisions are published online, unredacted
- KY DOR uses private attorneys to prosecute tax cases

Unclaimed Property Statutes Overall Grade: C-

- Business-to-business transactions are not exempt
- Period of limitations is 15 years
- Contingent fee audits are not banned
- Gift certificates are not exempt
- Penalty for failure to report is \$50-\$200 or imprisonment

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Kentucky
Property Tax	2.1
Sales Tax	1.5
Excise Tax	1.5
Income Tax (Corporate and Individual on Business Income)	1.3
Unemployment Ins. Tax	0.5
License & Other Taxes	0.6
Total Business Taxes	7.5
Total Effective Business Tax Rate (TEBTR)	4.7%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **46%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **15**
- Jobs Rank: **15**

* COST Scorecards

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List of Legislative Targets for 2015

LOUISIANA

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Limit ability of Department of Revenue to file suit and effectively bar taxpayer access to Board of Tax Appeals
- Increase timetable to protest an assessment to at least 60 days
- Seek repeal of MTC audit authority (sales)
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes and limit subsequent adjustments to federal changes only
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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January 2015

Summary for LOUISIANA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **B**
 - Property taxpayers receive valuation notice only when the property has undergone general reappraisal or the assessment on the taxpayer's property has increased by 15% or more, otherwise taxpayers receive notice only after the period for challenging the valuation has expired
- Simplicity & Consistency: **C**
 - Assessments are not equal, ratios vary greatly by type
 - Intangible property is generally exempt but unit valuation fails to exclude for centrally assessed property
- Procedural Fairness: **C**
 - Interest on underpayments is 1% monthly, interest on overpayments is the rate earned on the funds paid under protest
 - Appeal period in less than 60-days and not consistent across the board
 - Granting of functional and economic obsolescence varies from parish to parish

State Tax Administration Overall Grade: D- [NOTE: graded *prior* to enactment in 2014 (HB 863/HB 798)]

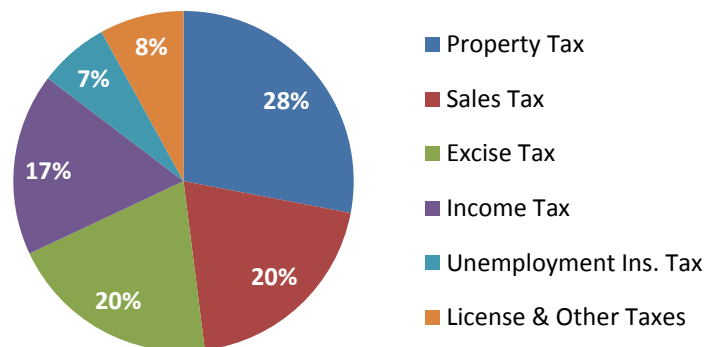
- Independent Tax Tribunal: The DOR has the ability, if it chooses to do so, to significantly control whether the taxpayer can appeal to the Board of Tax Appeals, by suing the taxpayer in district court.
- Pay-to-play (payment of tax or posting bond) is required for subsequent appeals.
- Filing Burden. Provide a clear definition of a "final determination" triggering requirement to report federal tax changes and limit subsequent adjustments to federal changes only
- Other issues. Separate local taxing authorities create onerous compliance burdens. Local taxing authorities are authorized to pay contract auditors on a contingent fee basis

Unclaimed Property Statutes Overall Grade: D

- Business-to-business transactions are not exempt
- Period of limitations is 10 years
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Gift certificates are not exempt
- Penalty for failure to report is \$200 per day; for willful failure to report or fraudulent report, it is \$1,000 per day plus 25% of the value of the property
- Owner is entitled to pre-liquidation/conversion interest; interest may be imposed on holders

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Louisiana
Property Tax	2.7
Sales Tax	2.8
Excise Tax	1
Income Tax (Corporate and Individual on Business Income)	0.9
Unemployment Ins. Tax	0.3
License & Other Taxes	1.4
Total Business Taxes	8.9
Total Effective Business Tax Rate (TEBTR)	4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **55%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **47**
- Jobs Rank: **46**

* COST Scorecards

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[Competitiveness of State and Local Business Taxes – April 20, 2011](#)



List of Legislative Targets for 2015

MAINE

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact legislation that follows *Joyce over Finnegan*
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Seek legislation to enact 80-20 FOC exclusion

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 January 2015

Summary for MAINE Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **B**
 - Information explaining tax system on the website is not property tax specific and does not include appeals process
 - Some valuation of property information available via a website at the local level
- Simplicity & Consistency: **B**
 - There are no standardized forms except for claiming business equipment exemption and BETR program forms
- Procedural Fairness: **C**
 - Interest on underpayments varies by municipality but cannot be less than 4%
 - Burden of proof is on taxpayer to show “greater weight” and that valuation was manifestly wrong; on municipality in supplemental assessment
 - Ability to escrow or defer payment on disputed tax is very limited

State Tax Administration Overall Grade: A

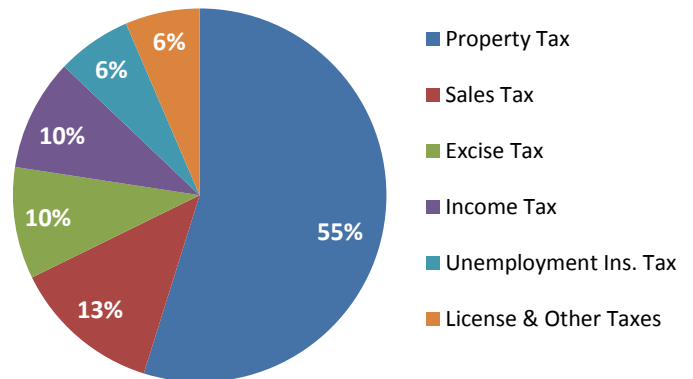
- Interest on refunds begins from date refund is filed, with no interest if paid within 60 days of the filing
- Maine Revenue Services does not publish Advisory rulings, they may be obtained through a FOIA request

Unclaimed Property Statutes Overall Grade: D

- Business-to-business transactions are not exempt
- Period of limitations is 10 years
- Unclaimed Property statutes do not address appeals
- Contingent fee audits are not banned
- Gift certificates are not exempt
- Penalty for failure to report or pay is \$200 per day; willful failure to report or fraudulent report is \$1,000 per day plus 25% of the value of the property
- Owner entitled to pre-liquidation/conversion and on certain interest-bearing accounts. Excessive interest may be imposed on holder

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Maine
Property Tax	1.7
Sales Tax	0.4
Excise Tax	0.3
Income Tax (Corporate and Individual on Business Income)	0.3
Unemployment Ins. Tax	0.2
License & Other Taxes	0.2
Total Business Taxes	3.1
Total Effective Business Tax Rate (TEBTR)	6.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **37%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **1**
- Jobs Rank: **1**

* COST Scorecards

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List of Legislative Targets for 2015

MARYLAND

- Increase timetable to protest an assessment to at least 60 days
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group

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January 2015

Summary for MARYLAND Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **C**
 - Property tax laws and regulations are available online on the Maryland Assessments Procedures Manual, but difficult to navigate
 - Property taxpayers receive valuation notice but does not include appeals information
- Simplicity & Consistency: **B**
 - No *de minimis* exclusion but exemption for personal property valued less than \$250
 - Assessment ratios vary greatly by property type. There is an assessment cap of 10% or less over the prior year's assessment
 - Intangible property is taxable in operating property of a utility or railroad
- Procedural Fairness: **B**
 - Ability to escrow or defer payment on disputed tax on personal property provided taxpayer submits a bond to the agency responsible for collecting the tax

State Tax Administration Overall Grade: B

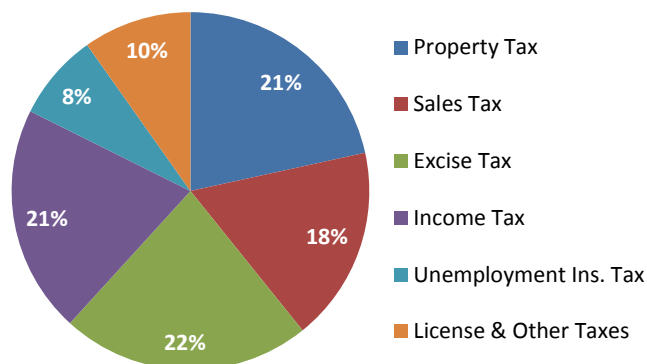
- No automatic extension, 7-month extension available with filing of Form 500E
- No letter rulings, and only a few Maryland Tax Court decisions are available online

Unclaimed Property Statutes Overall Grade: B+

- Unclaimed Property statutes do not address appeals
- Contingent fee audits are not banned
- Penalty for failure to report is \$100 per day and for failure to pay is 15% of the value of the property. Penalty for willful failure to pay is \$500-\$5,000 or imprisonment for not more than 6 months or both

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Maryland
Property Tax	2.2
Sales Tax	1.8
Excise Tax	2.3
Income Tax (Corporate and Individual on Business Income)	2.1
Unemployment Ins. Tax	0.8
License & Other Taxes	1
Total Business Taxes	10.3
Total Effective Business Tax Rate (TEBTR)	3.8%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **41%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **12**
- Jobs Rank: **25**

* COST Scorecards

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List of Legislative Targets for 2015

MASSACHUSETTS

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Provide *de novo* appeal for property tax appeals to an independent tribunal
- Seek repeal of MTC audit authority (income and sales)
- Increase time for filing a federal change to at least 180 days from final determination.
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation favoring *Joyce* over *Finnegan*
- Seek repeal of throwback statute
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Seek legislation to enact 80-20 FOC exclusion

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January 2015

Summary for MASSACHUSETTS Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C-

- Transparency: **C**
 - Property tax statutes and forms are not on a centralized website
 - No Internet document explaining property tax system; only some brochures explaining exemptions
 - Property taxpayers receive valuation notice with unclear information on appeals
 - Valuation of property available via a website at the local level
- Simplicity & Consistency: **C**
 - Local assessors have some autonomy but in general abide by the Commissioner of Revenue for the local board of assessors
 - Localities have preferences for their local forms
 - No *de minimis* exclusion but there is a local option for personal property accounts valued up to \$10,000
 - Assessment ratios vary greatly by property type. In 2013, the effective tax rate on commercial/industrial property was 3.871 times higher than the tax rate on residential property in Boston
- Procedural Fairness: **B**
 - Annual interest rate on underpayments is 14%, on overpayments 8%
 - Appeal period is only 30 days
 - No *de novo* appeal
 - Some ability to escrow or defer payment on disputed tax: half must be paid but if the real estate is more than \$3,000, all must be paid

State Tax Administration Overall Grade: B+

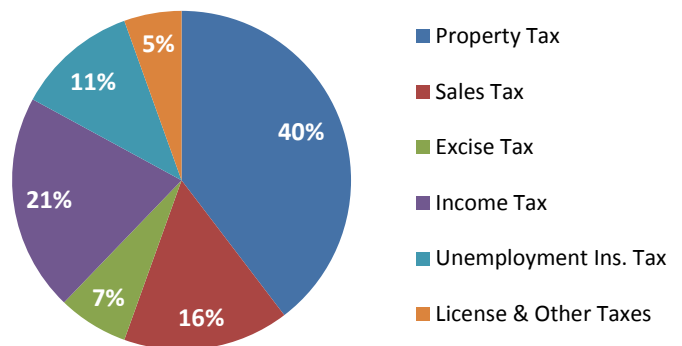
- Interest rates on underpayments and overpayments are not equal
- Return is due on the 15th day of the third month after close of taxable year

Unclaimed Property Statutes Overall Grade: A

- No independent appeals process but holders may appeal within 30 days a decision of the assistant treasurer of the unclaimed property division to the Treasurer
- Contingent fee audits are not banned
- Owner only entitled to pre-liquidation/conversion interest. Interest may be imposed on holder

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Massachusetts
Property Tax	6.5
Sales Tax	2.6
Excise Tax	1.1
Income Tax (Corporate and Individual on Business Income)	3.4
Unemployment Ins. Tax	1.9
License & Other Taxes	0.9
Total Business Taxes	16.4
Total Effective Business Tax Rate (TEBTR)	4.1%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **39%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **32**
- Jobs Rank: **34**

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List of Legislative Targets for 2015

MICHIGAN

- Seek repeal of MTC audit authority (income and sales)
- Seek to apply statute of limitations even-handedly to both assessments and refunds
- Equalize interest rates for underpayments and overpayments
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation favoring *Joyce* over *Finnegan*
- Seek repeal of throwback statute
- Seek legislation to enact separate filings, or make MUCR elective
- Seek legislation to enact 80-20 FOC exclusion

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January 2015

Summary for MICHIGAN Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **B**
 - Property tax laws are available online but regulations are not
 - Property taxpayers receive valuation notices by local property tax assessors in case of an increase in value 14 days before the meeting of a board of review
 - Valuation of property available via a website at the local level
- Simplicity & Consistency: **B**
 - Local assessors have some autonomy but receive guidance and assistance from the State Tax Commission
- Procedural Fairness: **B**
 - No 60-day appeal period; notices are mailed 10 days prior to hearing date
 - No ability to escrow or defer payment on disputed tax except for small claims appeals concerning principal residence or agricultural property
 - Members of the Board of Review are volunteers and are not required to have any background in property tax

State Tax Administration Overall Grade: B-

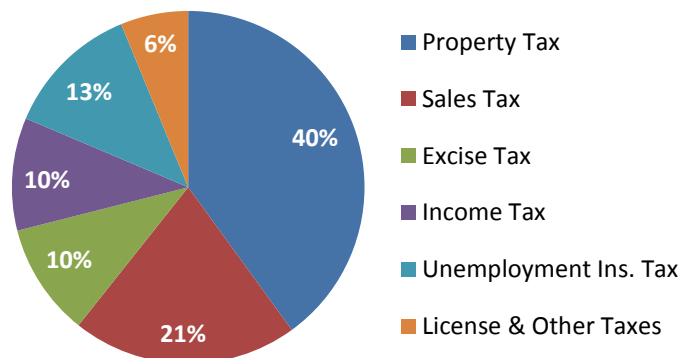
- Statute of limitations is generally four years, on refunds, statute is 90 days on claims based on constitutional or federal law
- No automatic extension; up to 8-month extension is granted with filing of tentative return and copy of federal extension request by due date
- No definition of final determination

Unclaimed Property Statutes Overall Grade: C+

- No business-to-business exemption for outstanding checks, drafts or similar instruments
- Contingent fee audits are not banned
- Penalty for failure to report is \$100 per day; for failure to pay, it is 25% of value of property; for willful failure to pay, it is \$500-\$25,000 or imprisonment or both
- Owner only entitled to pre-liquidation/conversion interest. Interest may be imposed on holder

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Michigan
Property Tax	5.8
Sales Tax	3
Excise Tax	1.5
Income Tax (Corporate and Individual on Business Income)	1.5
Unemployment Ins. Tax	1.8
License & Other Taxes	0.9
Total Business Taxes	14.4
Total Effective Business Tax Rate (TEBTR)	3.7%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **32%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **24**
- Jobs Rank: **22**

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List of Legislative Targets for 2015

MINNESOTA

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of property taxes
- Put all property tax and exemption forms on a centralized website
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact legislation favoring *Joyce* over *Finnegan*
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Seek legislation to enact 80-20 FOC exclusion

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January 2015

Summary for MINNESOTA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: C
 - Property tax laws and regulations are not available on a centralized website, limited forms are available
 - Valuation of property available via a website at the local level
- Simplicity & Consistency: C
 - Department of Revenue's Property Tax Division oversees counties' administration
 - Localities have preferences for their local forms though Commissioner prescribes standardized forms for all applications
 - Due dates are not consistent
 - No *de minimis* exclusion
 - Assessment ratios vary greatly by property type and there are 35 classifications
 - Annual appraisal cycle with inspection every five years
- Procedural Fairness: C
 - Interest rates for underpayments and overpayments are not equal
 - Burden of proof is on taxpayer by preponderance of the evidence

State Tax Administration Overall Grade: A-

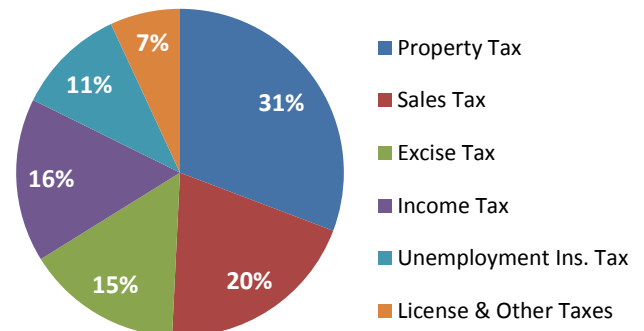
- No definition of final determination
- DOR does not have an official letter ruling program, but issues informal letters at its discretion
- Absent a prior field audit, DOR may make non-IRS adjustments post general statute to assess

Unclaimed Property Statutes Overall Grade: C+

- Business-to-business transactions are not exempt
- 10-year period of limitations
- Unclaimed Property statutes do not address appeals
- Contingent fee audits are not banned
- No interest paid to owner, interest may be imposed on holder

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Minnesota
Property Tax	4
Sales Tax	2.6
Excise Tax	2
Income Tax (Corporate and Individual on Business Income)	2.1
Unemployment Ins. Tax	1.4
License & Other Taxes	0.9
Total Business Taxes	13
Total Effective Business Tax Rate (TEBTR)	4.6%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **43%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **10**
- Jobs Rank: **13**

* COST Scorecards

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

[Competitiveness of State and Local Business Taxes – April 20, 2011](#)



List of Legislative Targets for 2015

MISSISSIPPI

- Seek *de minimis* exclusion for business property taxes
- Equalize interest rates for underpayments and overpayments of property taxes
- Put all property tax and exemption forms on a centralized website
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group
- Seek legislation to enact 80/20 FOC exclusion
- Seek repeal of throwback statute

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 January 2015

Summary for MISSISSIPPI Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: C
 - Limited property tax forms are available on a centralized website
 - Property taxpayers receive valuation notice but with unclear appeals process information
 - Valuation of property available via a website at the local level
- Simplicity & Consistency: C
 - Tax Commission provides guidance to local governments
 - Localities have preferences for their local forms though standardized forms are available
 - No *de minimis* exclusion for business property
 - Assessment ratios vary greatly by property type; there are no assessment caps
 - Appraisal cycle is every four years for real property
 - Intangible property is taxable unless specifically exempt
- Procedural Fairness: C
 - Appeal period is either 10 or 20 days
 - Burden of proof is on taxpayer to prove excessive assessment by two or more competent witnesses who know of their own personal knowledge that the property is assessed for a higher sum than its true value
 - No ability to escrow or defer payment on disputed tax

State Tax Administration Overall Grade: C+

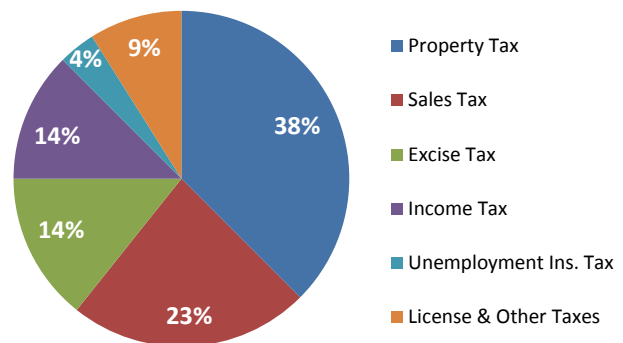
- No definition of final determination; IRS changes must be reported within 30 days on an amended return
- Private letter rulings are not published; DOR does not publish decisions of its review board, and Board of Tax Appeals decisions are not published
- Extremely strict appeal procedures; no “mailbox rule” at administrative appeals levels
- Supreme Court decision interpreting judicial appeals as not de novo (*Equifax Inc. v. Mississippi Dept. of Rev.*)
- Taxpayer carries burden of proof, regardless of alternative apportionment sought by MS DOR

Unclaimed Property Statutes Overall Grade: D-

- Business-to-business transactions are not exempt
- No period of limitations
- Unclaimed Property statutes do not address appeals
- Contingent fee audits are not banned
- Gift certificates are not exempt
- Penalty for willful failure to report is \$5 per day; for willful failure to pay: \$5-\$100 or up to six-month imprisonment, or both
- Owner only entitled to pre-conversion/liquidation interest. Interest may be imposed on holder

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Mississippi
Property Tax	2.1
Sales Tax	1.3
Excise Tax	0.8
Income Tax (Corporate and Individual on Business Income)	0.7
Unemployment Ins. Tax	0.2
License & Other Taxes	0.5
Total Business Taxes	5.6
Total Effective Business Tax Rate (TEBTR)	6.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **37%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **44**
- Jobs Rank: **40**

* COST Scorecards

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List of Legislative Targets for 2015

MISSOURI

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Seek repeal of MTC audit authority (income)
- Increase time for filing a federal change to at least 180 days from final determination.
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek repeal of throwback statute

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Summary for MISSOURI Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **C**
 - There is a link to the state code under Resources on the STC website, but not tax specific laws or regulations
 - Most property tax forms are no available on a centralized website
 - Property taxpayers receive valuation notice if there is an increase over the prior year
 - Valuation of property available via a website at the local level
- Simplicity & Consistency: **C**
 - Tax Commission assists county assessors
 - Standardized forms are available except for locally assessed personal property
 - No *de minimis* exclusion
 - Assessment ratios vary greatly by property type; there are no assessment caps
 - Intangible property is taxable
- Procedural Fairness: **B**
 - Interest rate on underpayments is 3%. Interest rate on overpayments was 0.7% for second quarter of 2013
 - Appeal period is less than 60 days
 - Taxes either must be paid or the taxpayer is subject to delinquent penalties. If paid under protest, the collector escrows the disputed amount

State Tax Administration Overall Grade: B-

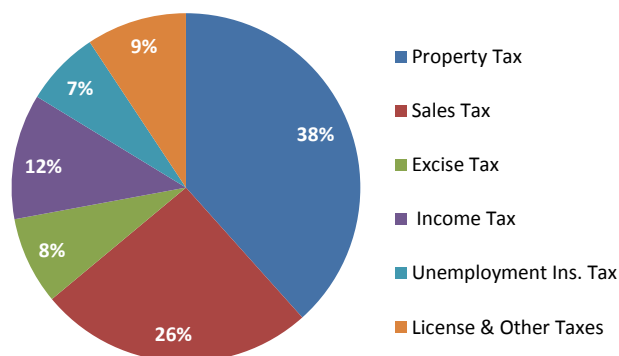
- Interest rates for underpayment and overpayment are not equal
- DOR argues sales & use taxes are different taxes. Therefore, if there is an offset during audit, it tolls that statute of limitations for the offset tax
- New issues to support claims for Refund may not be raised at the AHC

Unclaimed Property Statutes Overall Grade: D

- Business-to-business transactions are not exempt
- No period of limitations except for actions related to property vested in holder prior to August 1984 or held in a fiduciary capacity prior to August 1974
- No independent appeals process, but holder may request reconsideration by the Treasurer, and may contest estimation techniques in an appeal *de novo* to circuit court
- Contingent fee audits are not banned
- Gift certificates are not exempt but those redeemable in merchandise only shall be reportable at 60% of their face value
- Penalty for willful failure to report is 5% per month; for willful failure to pay/fraudulent report: \$100 per day and Class A/B misdemeanor (up to 12 months imprisonment)

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Missouri
Property Tax	3.3
Sales Tax	2.2
Excise Tax	0.7
Income Tax (Corporate and Individual on Business Income)	1
Unemployment Ins. Tax	0.6
License & Other Taxes	0.8
Total Business Taxes	8.7
Total Effective Business Tax Rate (TEBTR)	3.5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **46%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **22**
- Jobs Rank: **24**

* COST Scorecards

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List of Legislative Targets for 2015

MONTANA

- Increase timetable to protest an assessment to at least 60 days
- Seek repeal of MTC audit authority (income)
- Repeal tax haven language
- Seek to repeal domestic disclosure spreadsheet language
- Provide a clear definition of “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group

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January 2015

Summary for MONTANA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **B**
- Simplicity & Consistency: **B**
- Procedural Fairness: **C**
 - Appeal must be filed by later of 30 days after notice or first Monday in June
 - Taxes must be paid in full by due date; disputed taxes can be paid under protest

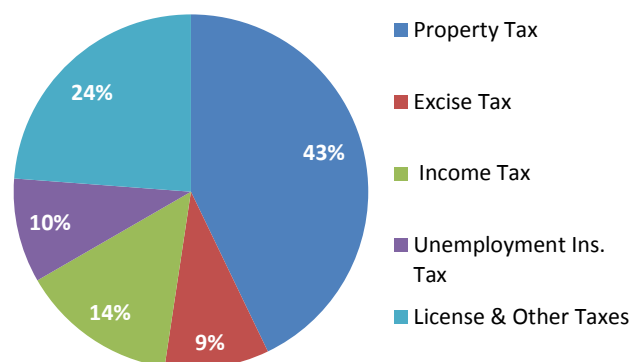
State Tax Administration Overall Grade: A-

Unclaimed Property Statutes Overall Grade: D

- No exemption for business-to-business transactions
- Contingent fee audits are not banned for unclaimed property
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Gift certificates not exempt; redeemable in merchandise only and reportable at 60% face value

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Montana
Property Tax	0.9
Sales Tax	N/A
Excise Tax	0.2
Income Tax (Corporate and Individual on Business Income)	0.3
Unemployment Insurance Tax	0.2
License & Other Taxes	0.5
Total Business Taxes	2.0
Total Effective Business Tax Rate (TEBTR)	5.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **N/A**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **11**
- Jobs Rank: **7**

* COST Scorecards

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[Competitiveness of State and Local Business Taxes – April 20, 2011](#)

List of Legislative Targets for 2015

NEBRASKA

- Equalize interest rates for underpayments and overpayments of property taxes
- Incorporate a true independent tax dispute forum
- Seek repeal of MTC audit authority (income)
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 7 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Seek legislation to enact 80-20 FOC exclusion

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January 2015

Summary for NEBRASKA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **B**
- Simplicity & Consistency: **B**
- Procedural Fairness: **D**
 - Unequal Interest Rates: No interest paid for overpayments, 14%/year interest on underpayments
 - No ability for taxpayer to escrow/defer payment on disputed property tax
 - No 60-Day Appeal: Notices sent by June 1, and appeals must be filed by June 30
 - No ability for taxpayer to escrow/defer payment on disputed property tax

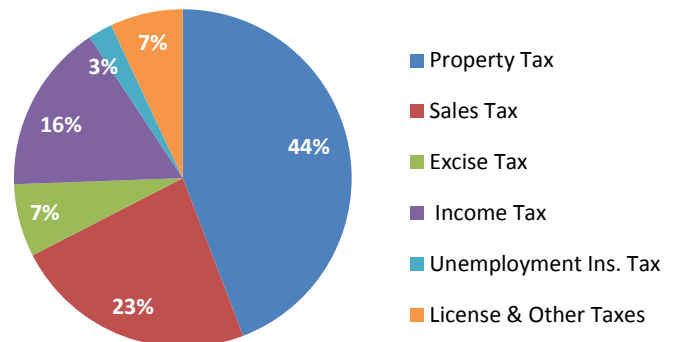
State Tax Administration Overall Grade: B

Unclaimed Property Statutes Overall Grade: D

- No exemption for business-to-business transactions
- Contingent fee audits are not banned for unclaimed property
- 7-year period of limitations
- No independent appeals process, but any aggrieved person may appeal Treasurer's decision in accordance with the Administrative Procedure Act
- Gift certificates without an expiration date or finance charge are exempt

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Nebraska
Property Tax	1.9
Sales Tax	1
Excise Tax	0.3
Income Tax (Corporate and Individual on Business Income)	0.7
Unemployment Insurance Tax	0.1
License & Other Taxes	0.3
Total Business Taxes	4.2
Total Effective Business Tax Rate (TEBTR)	4.3%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **49%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **41**
- Jobs Rank: **37**

* COST Scorecards

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List of Legislative Targets for 2015

NEVADA

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Provide *de novo* appeal for property tax appeals to an independent tribunal
- Incorporate a true independent tax dispute forum
- Increase timetable to protest an assessment to at least 60 days
- Remove tax controversies from the scope of state *qui tam* statutes
- Shorten statute of limitations for unclaimed property reporting and liability from 7 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group

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January 2015

Summary for NEVADA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: D+

- Transparency: **D**
 - Notice of secured roll assessments, but no requirement for appeals information to be included. Notice on how to appeal valuation published in county newspaper and posted on courthouse door. No notice of personal property valuation or how to appeal it.
 - Website access to tax forms and claims to request exemptions very limited
 - Document explaining property tax structure at state/local level found on Internet but not easy for layperson to understand
 - Website access to tax laws and regulations difficult to find
- Simplicity & Consistency: **C**
 - Central Oversight: Technically, the Tax Commission establishes uniform policies and procedures, but assessors retain a large degree of autonomy
- Procedural Fairness: **D**
 - Unequal Interest Rates: 0.25%/month interest paid for overpayments, 10%/year interest on underpayments
 - No *de novo* review at independent tribunal level; the appeal to the State Board of Equalization is based on the record made before the county board
 - No ability for taxpayer to escrow/defer payment on disputed property tax; taxes must be paid under protest prior to commencing the suit

State Tax Administration Overall Grade: C-

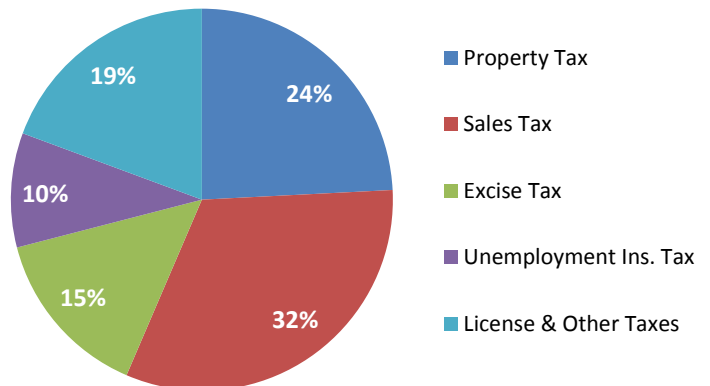
- No independent tax dispute forum; appeal to NV Tax Commission is on the record established by Department of Taxation's Hearing Officer
- Pay-to-Play: Taxpayers required to prepay or enter a payment agreement
- Unequal Interest Rates: Underpayment – 0.75%/month, Overpayment – 0.25%/month
- Only 45 days to protest an assessment
- Department of Taxation issues binding written guidance (not usually redacted); hearing decisions released only to the parties in the hearings; NV Tax Commission meetings are open, but results not published

Unclaimed Property Statutes Overall Grade: C-

- Contingent fee audits are not banned for unclaimed property
- Unclaimed property statutes do not address appeals
- 7-year period of limitations
- Gift certificates without expiration dates are exempt; those sold with expiration date presumed abandoned as of expiration date and must be reported at 60% face value

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Nevada
Property Tax	1.5
Sales Tax	2.0
Excise Tax	0.9
Unemployment Insurance Tax	0.6
License & Other Taxes	1.2
Total Business Taxes	6.2
Total Effective Business Tax Rate (TEBTR)	5.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **41%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **33**
- Jobs Rank: **28**

* COST Scorecards

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List of Legislative Targets for 2015

NEW HAMPSHIRE

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Seek to apply statute of limitations even-handedly to both assessments and refunds
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property, not just the ones valued at \$100 or less
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Repeal throwback statute
- Seek legislation to enact 80-20 FOC exclusion

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January 2015

Summary for NEW HAMPSHIRE Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **C**
 - General document(s) explaining property tax structure at state/local level found on Internet
 - Property taxpayers receive a valuation notice, but appeals information not required to be included
 - Property taxpayers cannot obtain general valuation information about other assessments via website
- Simplicity & Consistency: **C**
 - Inconsistent Due Dates: Reports are due April 15; Payments due December 1. Localities can choose to make payments due semi-annually or quarterly
 - No *de minimis* exclusion
 - Intangible property is taxable
- Procedural Fairness: **C**
 - Unequal Interest Rates: 6%/year interest for overpayments, 12%/year interest on underpayments
 - Taxpayer can escrow/defer the disputed property tax but the board may require a bond to be paid for the amount of taxes owed and any unpaid amounts will accrue interest and penalties

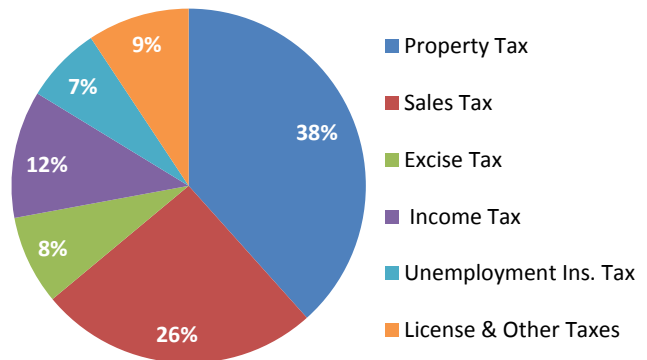
State Tax Administration Overall Grade: B

Unclaimed Property Statutes Overall Grade: D

- No exemption for business-to-business transactions
- No period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	New Hampshire
Property Tax	1.2
Sales Tax	N/A
Excise Tax	0.4
Income Tax (Corporate and Individual on Business Income)	0.6
Unemployment Insurance Tax	0.2
License & Other Taxes	0.2
Total Business Taxes	2.5
Total Effective Business Tax Rate (TEBTR)	4.1%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **N/A**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **7**
- Jobs Rank: **6**

* COST Scorecards

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List of Legislative Targets for 2015

NEW JERSEY

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Seek repeal of MTC audit authority (income and sales)
- Remove tax controversies from the scope of state *qui tam* statutes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group

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 January 2015

Summary for NEW JERSEY Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **B**
- Simplicity & Consistency: **C**
 - No *de minimis* exclusion
 - Real property does not have a revaluation schedule
- Procedural Fairness: **C**
 - Unequal Interest Rates: Interest on overpayments is 5%/year, interest on underpayments is up to 8%/year (for first \$1,500) and 18%/year thereafter
 - No ability for taxpayer to escrow/defer payment on disputed property tax; both current and back taxes must be paid
 - Personal property affixed to real property is taxed as real property
 - To appeal, a business entity must hire an attorney admitted to practice in New Jersey

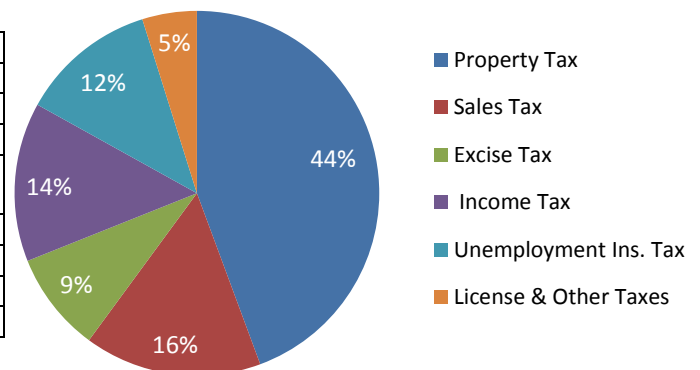
State Tax Administration Overall Grade: B

Unclaimed Property Statutes Overall Grade: D

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property
- Gift certificates not exempt; those issued after 7/1/2010 presumed abandoned at 60% face value
- Penalty Provisions: Willful failure to report – \$200/day (\$100,000 max); Willful failure to pay - \$1,000/day (\$250,000 max) plus 25% value of unpaid property

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	New Jersey
Property Tax	11
Sales Tax	3.9
Excise Tax	2.2
Income Tax (Corporate and Individual on Business Income)	3.5
Unemployment Insurance Tax	3.0
License & Other Taxes	1.2
Total Business Taxes	24.9
Total Effective Business Tax Rate (TEBTR)	5.1%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **39%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **28**
- Jobs Rank: **31**

* COST Scorecards

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[Competitiveness of State and Local Business Taxes – April 20, 2011](#)

List of Legislative Targets for 2015

NEW MEXICO

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of property taxes
- Put all property tax and exemption forms on a centralized website
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Incorporate a true independent tax dispute forum
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for examination of unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Repeal mandatory unitary combined reporting as required for certain retailers
- Seek legislation to enact 80/20 FOC exclusion
- Repeal MTC audit authority (income)
- Seek repeal of throwback statute

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January 2015

Summary for NEW MEXICO Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **B**
- Simplicity & Consistency: **C**
 - No *de minimis* exclusion
 - Assessment Not Equal: Assessed value is 33% of full value. There are assessment caps on annual increases on valuation for most residential properties, but there is a 3% to 6.1% limit on valuation increases
- Procedural Fairness: **C**
 - Unequal Interest Rates: Interest on overpayments is 1% per month. Property taxes under protest are placed in the county's interest-earning suspense fund. Interest is provided on a pro rata share of the investment earnings
 - The Taxation and Revenue Department Property Tax Division consistently contests claims of obsolescence for centrally assessed property, regardless of basis

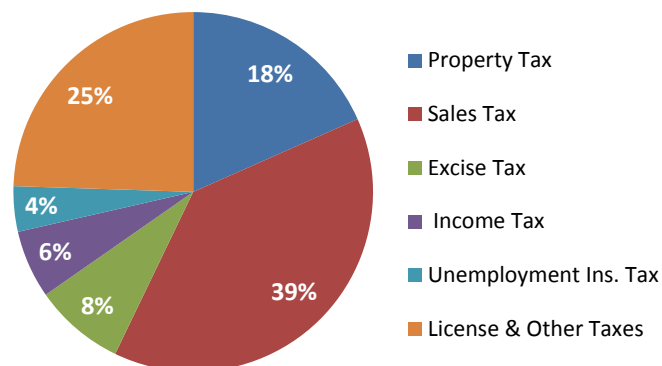
State Tax Administration Overall Grade: B

Unclaimed Property Statutes Overall Grade: D

- No exemption for business-to-business transactions
- 10-year period of limitations for examination
- No independent appeals process, but a person aggrieved by a final decision of the administrator may appeal to district court
- Contingent fee audits are not banned for unclaimed property
- Gift certificates not exempt; those redeemable in merchandise only presumed abandoned at 60% face value
- Penalty Provisions: Failure to report or pay – \$100/day (\$5,000 max); Willful failure to report or pay - \$250/day (\$7,500 max) plus 25% value of unpaid property

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	New Mexico
Property Tax	0.9
Sales Tax	1.9
Excise Tax	0.4
Income Tax (Corporate and Individual on Business Income)	0.3
Unemployment Insurance Tax	0.2
License & Other Taxes	1.2
Total Business Taxes	4.9
Total Effective Business Tax Rate (TEBTR)	7%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **55%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **51**
- Jobs Rank: **51**

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List of Legislative Targets for 2015

NEW YORK

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Remove tax controversies from the scope of state *qui tam* statutes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide clear definition of “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Seek legislation repealing *Finnegan* and enacting *Joyce* rules
- Seek legislation to enact 80-20 FOC exclusion

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 January 2015

Summary for NEW YORK Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **B**
- Simplicity & Consistency: **D**
 - Report dates are consistent, but payment dates vary by locality
 - No *de minimis* exclusion
 - Assessment Not Equal: Ratios vary by local jurisdiction; effective tax rate on commercial/industrial property 4.981 times higher than tax rate on residential property in New York City (2013); 2% limit on levy increases
 - Inconsistent Appraisal Cycle: Some jurisdictions revalue annually, while others have not reassessed in many decades
- Procedural Fairness: **D**
 - Unequal Interest Rates: Interest on overpayments is federal short-term rate plus 2%, interest on underpayments is the federal short-term rate plus 5.5%
 - No ability for taxpayer to escrow/defer payment on disputed property tax
 - No 60-Day Appeal: At least 10 days, but each jurisdiction may choose their hearing dates and posting dates for the assessment rolls

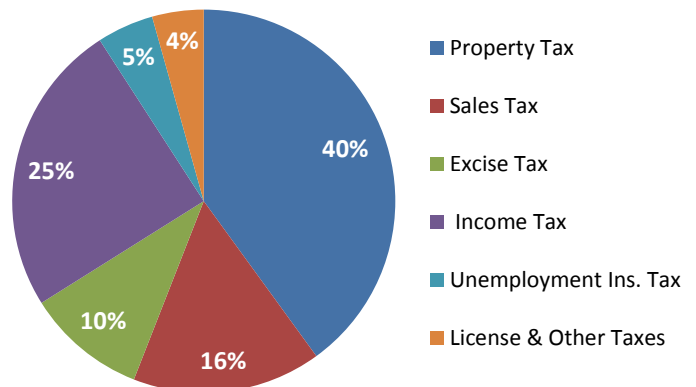
State Tax Administration Overall Grade: B

Unclaimed Property Statutes Overall Grade: D-

- No exemption for business-to-business transactions
- No period of limitations
- No independent appeals process, but holder may institute a proceeding within 90 days under NY civil procedure law
- Contingent fee audits are not banned for unclaimed property
- Gift certificates not exempt
- Penalty Provisions: Failure to report – \$100/day no maximum); Fraudulent report – punishable as perjury

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	New York
Property Tax	27.6
Sales Tax	11.0
Excise Tax	7.0
Income Tax (Corporate and Individual on Business Income)	17.1
Unemployment Insurance Tax	3.3
License & Other Taxes	3.0
Total Business Taxes	69.0
Total Effective Business Tax Rate (TEBTR)	5.7%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **53%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **23**
- Jobs Rank: **27**

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List of Legislative Targets for 2015

NORTH CAROLINA

- Equalize interest rates for underpayments and overpayments of property taxes
- Increase timetable to protest an assessment to at least 60 days
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group

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January 2015

Summary for NORTH CAROLINA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

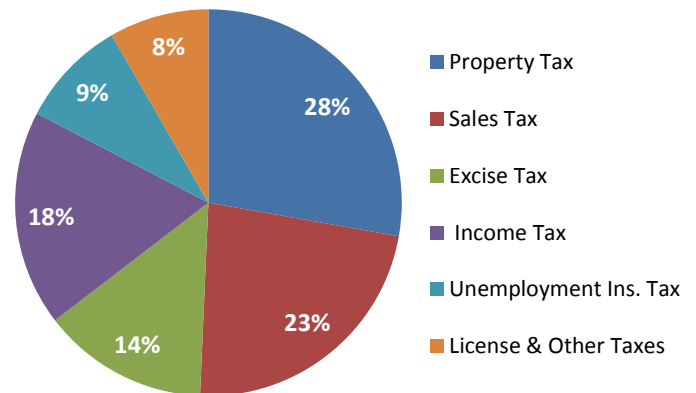
- Transparency: **C**
 - Information explaining property tax system is brief and incomplete
 - Actual notice is required for discovered property; a written objection is required to keep the assessment from becoming final
- Simplicity & Consistency: **B**
- Procedural Fairness: **C**
 - Unequal Interest Rates: Interest on overpayments is 5%/year, interest on underpayments is the 2% for first month and 0.75% each month thereafter
 - No ability for taxpayer to escrow payment on disputed property tax, but taxpayer may choose not to pay the contested amount, pay a partial amount, or pay the entire amount; however, interest and penalties accrue on unpaid portion during the appeals process

State Tax Administration Overall Grade: B+

Unclaimed Property Statutes Overall Grade: A-

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	North Carolina
Property Tax	4.0
Sales Tax	3.3
Excise Tax	2.0
Income Tax (Corporate and Individual on Business Income)	2.6
Unemployment Insurance Tax	1.3
License & Other Taxes	1.2
Total Business Taxes	14.4
Total Effective Business Tax Rate (TEBTR)	3.5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **39%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **34**
- Jobs Rank: **36**

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List of Legislative Targets for 2015

NORTH DAKOTA

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Provide *de novo* appeal for property tax appeals to an independent tribunal
- Incorporate a true independent tax dispute forum
- Increase timetable to protest an assessment to at least 60 days
- Seek repeal of MTC audit authority (income and sales)
- Seek to repeal domestic disclosure spreadsheet language
- Seek to apply statute of limitations even-handedly to both assessments and refunds
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Seek repeal of throwback statute
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group

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January 2015

Summary for NORTH DAKOTA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **C**
 - Actual notice is required when property's value increases by more than 10% and \$3,000 from previous valuation
 - Valuation of property available via website at local level
- Simplicity & Consistency: **B**
- Procedural Fairness: **D**
 - Unequal Interest Rates: 10%/year interest paid for overpayments, 12%/year interest on underpayments
 - No 60-day appeal, only 15 days
 - No *de novo* review at independent tribunal level

State Tax Administration Overall Grade: C

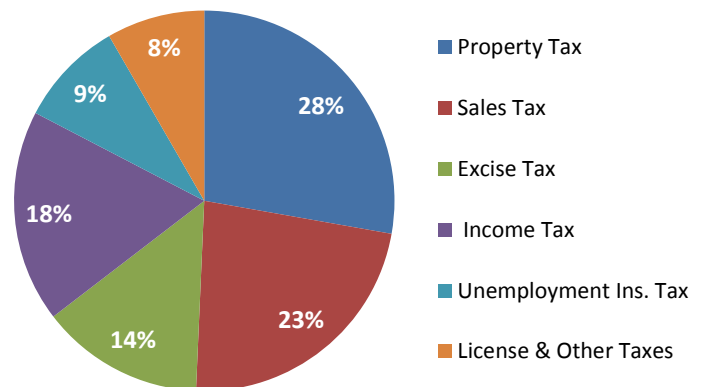
- No independent tax dispute forum
- Pay-to-Play: Taxpayers required to prepay or enter a payment agreement
- Unequal Interest Rates for Sales & Use Taxes: Underpayment – 10%/year, Overpayment – 1%/month
- Only 30 days to protest an assessment
- No letter rulings or administrative rulings available on ND DOR website

Unclaimed Property Statutes Overall Grade: D

- No exemption for business-to-business transactions
- No period of limitations
- Contingent fee audits are not banned for unclaimed property
- Unclaimed property statutes do not address appeals
- Gift certificates and gift cards not addressed in the unclaimed property law
- Penalty Provisions: Willful Failure to Report - \$100/day (up to 100% value that should have been paid); Willful Failure to Pay – 25% of value that should have been paid; Willful Refusal to Pay – Class B Misdemeanor (imprisonment)

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	North Dakota
Property Tax	0.6
Sales Tax	0.8
Excise Tax	0.3
Income Tax (Corporate and Individual on Business Income)	0.3
Unemployment Insurance Tax	0.1
License & Other Taxes	3.4
Total Business Taxes	5.5
Total Effective Business Tax Rate (TEBTR)	11.5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **43%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **26**
- Jobs Rank: **23**

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List of Legislative Targets for 2015

OHIO

- Seek higher *de minimis* exclusion for property taxes (currently only \$2.00)
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation repealing *Finnegan* in favor of *Joyce* rules
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Enact legislation allowing FOC 80/20 exclusion

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 January 2015

Summary for OHIO Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

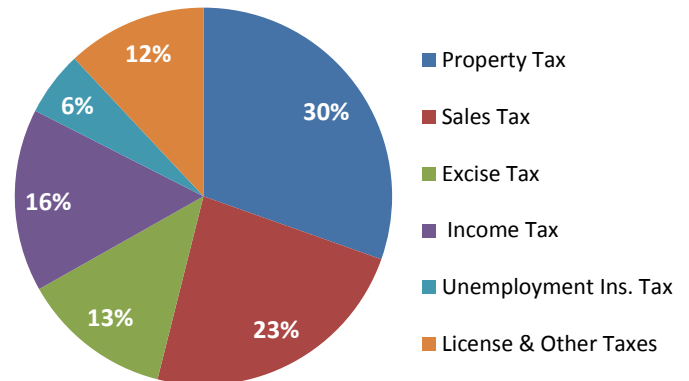
- Transparency: **C**
 - Property tax regulations (rules) on centralized website, but not the laws
 - Information explaining property tax system is on an Internet document, but not the appeals process
 - Valuation of property available via website at county level
- Simplicity & Consistency: **C**
 - Inconsistent Due Dates: Report dates vary; payments due December 31 and June 20
 - *De minimis* exclusion only allowed if property tax less than \$2.00 (may be cancelled)
 - Unequal Assessment: Real property valued at 35% (except land devoted to agricultural use); personal property exempt (generally); certain public utilities still subject to tax
- Procedural Fairness: **B**
 - Third parties, e.g., school districts, can appeal real property values

State Tax Administration Overall Grade: A

Unclaimed Property Statutes Overall Grade: B

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Ohio
Property Tax	6.6
Sales Tax	5.1
Excise Tax	2.8
Income Tax (Corporate and Individual on Business Income)	3.4
Unemployment Insurance Tax	1.2
License & Other Taxes	2.6
Total Business Taxes	19.9
Total Effective Business Tax Rate (TEBTR)	4.1%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **51%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **3**
- Jobs Rank: **3**

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List of Legislative Targets for 2015

OKLAHOMA

- Seek *de minimis* exclusion for property taxes
- Eliminate business-to-business transactions from the definition of unclaimed property
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group
- Seek repeal of throwback statute

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January 2015

Summary for OKLAHOMA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **B**
- Simplicity & Consistency: **C**
 - Inconsistent Due Dates: Report dates vary; payments due December 31 and June 20
 - No *de minimis* exclusion
 - Unequal Assessment: Ratios vary by property type (10% - 22.85%); 3% assessment cap on homesteads and agricultural real property; 5% assessment cap on all other property types
- Procedural Fairness: **B**
 - No 60-day appeal, only 20 days
 - Third parties, e.g., school districts, can appeal real property values

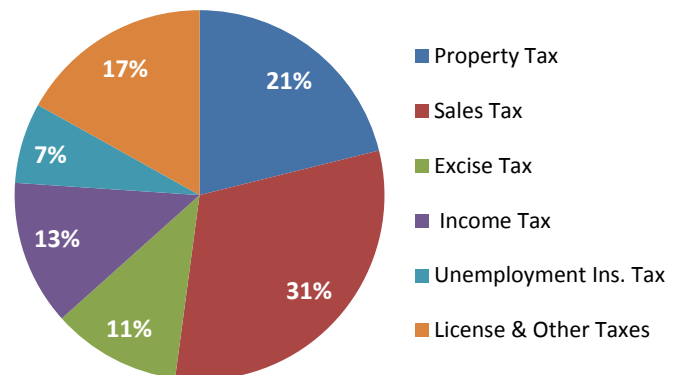
State Tax Administration Overall Grade: B+

Unclaimed Property Statutes Overall Grade: C

- No exemption for business-to-business transactions
- No independent appeals process, but Oklahoma Administrative Code provides procedures to protest an examination
- Contingent fee audits are not banned for unclaimed property
- Gift certificates not exempt

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Oklahoma
Property Tax	1.5
Sales Tax	2.2
Excise Tax	0.8
Income Tax (Corporate and Individual on Business Income)	0.9
Unemployment Insurance Tax	0.5
License and Other Taxes	1.2
Total Business Taxes	7.2
Total Effective Business Tax Rate (TEBTR)	4.7%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **53%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **35**
- Jobs Rank: **38**

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List of Legislative Targets for 2015

OREGON

- Increase timetable to protest an assessment to at least 60 days
- Seek repeal of MTC audit authority (income)
- Repeal tax haven language
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek repeal of throwback statute
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Enact FOC 80/20 exclusion

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 January 2015

Summary for OREGON Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **B**
- Simplicity & Consistency: **C**
 - Assessments on centrally assessed properties are taxable
- Procedural Fairness: **A**

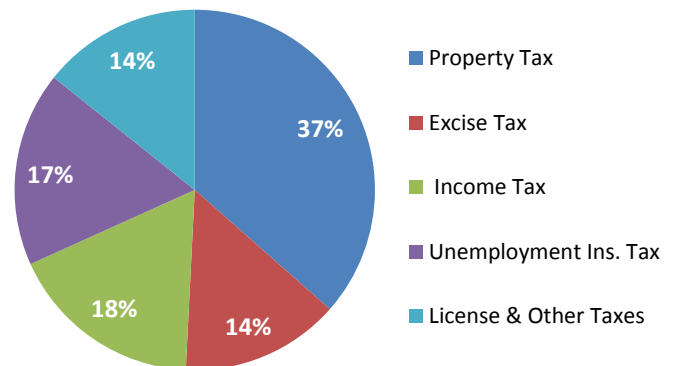
State Tax Administration Overall Grade: B

Unclaimed Property Statutes Overall Grade: C-

- No exemption for business-to-business transactions
- No period of limitations
- No independent appeals process, but a holder may request an administrative hearing within 21 days, or collaborative dispute resolution
- Contingent fee audits are not banned for unclaimed property
- Gift certificates not exempt; Oregon unclaimed property statutes do not address gift certificates or gift cards

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Oregon
Property Tax	2.3
Excise Tax	0.9
Income Tax (Corporate and Individual on Business Income)	1.1
Unemployment Insurance Tax	1.1
License & Other Taxes	0.9
Total Business Taxes	6.3
Total Effective Business Tax Rate (TEBTR)	3.4%



State and Local Business Tax Competitiveness

Index

- Weighted Capital Investment Rank: **2**
- Jobs Rank: **2**

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List of Legislative Targets for 2015

PENNSYLVANIA

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Seek repeal of MTC audit authority (income, corporate net income, capital stock/ foreign franchise taxes)
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 15 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek repeal of throwback statute

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January 2015

Summary for PENNSYLVANIA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: D

- Transparency: **D**
 - Property tax laws and regulations not on a centralized website
 - Property tax forms not on a centralized website
 - No Internet document explaining property tax system; limited FAQs on website
- Simplicity & Consistency: **D**
 - No standardized form; the only standardized form is for the property tax or rent rebate program
 - Dates vary by municipality
 - No *de minimis* exclusion
 - Inconsistent Appraisal Cycle: Appraisals occur at the discretion of the county (Allegheny County just revalued for the first time since 1983)
- Procedural Fairness: **C**
 - Burden of Proof: Once the board of assessment establishes a prima facie case by placing it on record, the burden shifts to the taxpayer to show sufficient, competent, credible, and relevant evidence to overcome the assessment's prima facie validity
 - Third parties, e.g., school districts, can appeal real property values

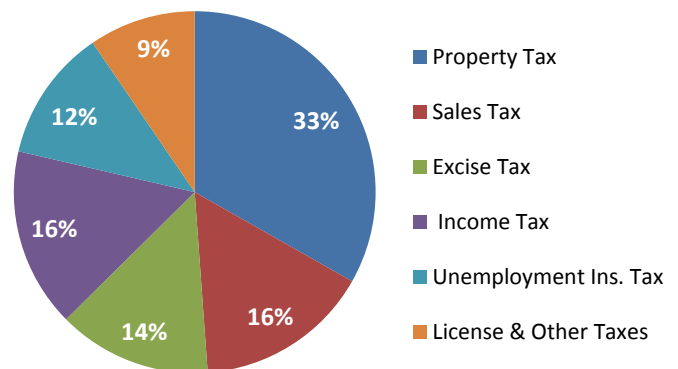
State Tax Administration Overall Grade: A-

Unclaimed Property Statutes Overall Grade: D

- No exemption for business-to-business transactions
- 15 year period of limitations
- No independent appeals process, but holders may petition for administrative review before designee of State Treasurer within 30 days
- Contingent fee audits are not banned for unclaimed property
- Penalty Provisions: Failure to Report - \$100/day (\$10,000 max); Failure to Pay – Misdemeanor or \$1,000/day (\$10,000 max), or up to 24 months of imprisonment, or both

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Pennsylvania
Property Tax	8.7
Sales Tax	4.1
Excise Tax	3.6
Income Tax (Corporate and Individual on Business Income)	4.2
Unemployment Insurance Tax	3.1
License & Other Taxes	2.5
Total Business Taxes	26.1
Total Effective Business Tax Rate (TEBTR)	4.5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **39%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **21**
- Jobs Rank: **20**

* COST Scorecards

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List of Legislative Targets for 2015

RHODE ISLAND

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Increase timetable to protest an assessment to at least 60 days
- Seek repeal of MTC audit authority (income)
- Repeal tax haven language
- Remove tax controversies from the scope of state *qui tam* statutes
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination.
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek repeal of throwback statute
- Seek legislation repealing *Finnegan*, and enact *Joyce* rules
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Ban contingent fee audits

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January 2015

Summary for RHODE ISLAND Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: D+

- Transparency: **D**
 - Property tax laws on centralized website (difficult to find), but not the regulations
 - Property tax forms on centralized website extremely limited; no exemption requests
 - No Internet document explaining property tax system
 - Property taxpayers receive valuation notice, but it does not include information on how to appeal
- Simplicity & Consistency: **C**
 - Inconsistent Due Dates: Dates vary by municipality
 - No *de minimis* exclusion
 - Unequal Assessment: Ratios vary by municipality; no fair market value standard for utilities; no assessment caps, but there is a 4% limit on tax levy increases
- Procedural Fairness: **C**
 - Unequal Interest Rates: 3.25%/year interest paid for overpayments, 18%/year interest on underpayments
 - Burden of Proof on taxpayer by preponderance of the evidence, unless fraud is alleged – in which case the burden on taxpayer to show clear and convincing evidence
 - Assets not in use still subject to taxation

State Tax Administration Overall Grade: C+

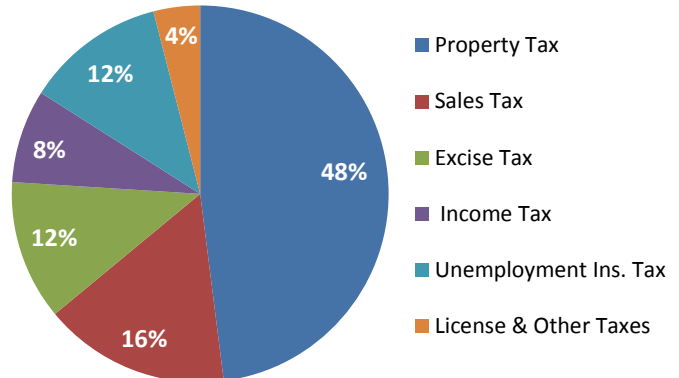
- Pay-to-Play: Prepayment required before appeal the district court. Motion for exemption granted only in hardship cases where taxpayer can show reasonable probability of success on the merits
- Unequal Interest Rates: Underpayment – prime rate plus 2%, Overpayment – prime rate
- Only 30 days to protest an assessment

Unclaimed Property Statutes Overall Grade: C

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Rhode Island
Property Tax	1.2
Sales Tax	0.4
Excise Tax	0.3
Income Tax (Corporate and Individual on Business Income)	0.2
Unemployment Insurance Tax	0.3
License & Other Taxes	0.1
Total Business Taxes	2.5
Total Effective Business Tax Rate (TEBTR)	5.3%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **46%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **49**
- Jobs Rank: **49**

* COST Scorecards

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[The Best and Worst of State Unclaimed Property Laws – October 2, 2013](#)

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

[Competitiveness of State and Local Business Taxes – April 20, 2011](#)



List of Legislative Targets for 2015

SOUTH CAROLINA

- Seek *de minimis* exclusion for property taxes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Equalize interest rates for underpayments and overpayments
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group
- Seek legislation to enact 80/20 FOC exclusion
- Remove tax controversies from the scope of *qui tam* statutes

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 January 2015

Summary for SOUTH CAROLINA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **C**
 - Property tax payers receive valuation notice, but only if the assessment value has increased by more than \$1,000
 - Property valuations available via website in some localities
- Simplicity & Consistency: **C**
 - Inconsistent Due Dates: Report dates vary by property type; payment dates by city (dates range from September 30 through January 15)
 - No *de minimis* exclusion
 - Unequal Assessment: Ratios vary by property type (4% - 10.5%); manufacturers can use IRS basis in determining FMV; 15% assessment cap over every 5-year revaluation period; in Columbia, effective tax rate on commercial/industrial property 3.747 higher than residential property tax rate
- Procedural Fairness: **B**

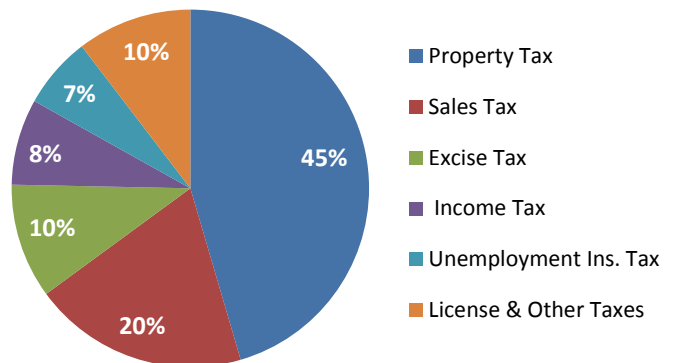
State Tax Administration Overall Grade: B

Unclaimed Property Statutes Overall Grade: C+

- No exemption for business-to-business transactions
- 10 year period of limitations
- No independent appeals process, but a person aggrieved by a decision of the administrator may file suit in Richland County Court of Common Claims
- Contingent fee audits are not banned for unclaimed property

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	South Carolina
Property Tax	3.5
Sales Tax	1.5
Excise Tax	0.8
Income Tax (Corporate and Individual on Business Income)	0.6
Unemployment Insurance Tax	0.5
License & Other Taxes	0.8
Total Business Taxes	7.6
Total Effective Business Tax Rate (TEBTR)	4.9%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **33%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **37**
- Jobs Rank: **33**

* COST Scorecards

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[Competitiveness of State and Local Business Taxes – April 20, 2011](#)

List of Legislative Targets for 2015

SOUTH DAKOTA

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of property taxes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Incorporate a true independent tax dispute forum
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination.
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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January 2015

Summary for SOUTH DAKOTA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **B**
- Simplicity & Consistency: **B**
 - No *de minimis* exclusion
- Procedural Fairness: **D**
 - Unequal Interest Rates: 4%/year interest paid for overpayments, 10%/year interest on underpayments
 - Most property tax disputes are resolved before the due date, but if the appeal starts or continues after the due date, the entire amount of tax must be paid and a refund must be requested

State Tax Administration Overall Grade: C+

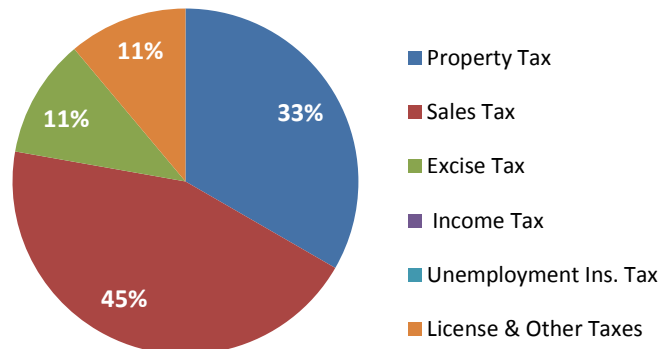
- No independent tax dispute forum; Secretary of Revenue reviews ALJ determinations
- Pay-to-Play: Taxpayer can post bond in lieu of payment
- Financial institution tax return due 15 days after federal income tax return due
- No definition of “final determination”; federal changes must be reported within 60 days on an amended return

Unclaimed Property Statutes Overall Grade: C+

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	South Dakota
Property Tax	0.6
Sales Tax	0.8
Excise Tax	0.2
Income Tax (Corporate and Individual on Business Income)	0.0
Unemployment Insurance Tax	0.0
License & Other Taxes	0.2
Total Business Taxes	1.8
Total Effective Business Tax Rate (TEBTR)	4.6%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **53%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **13**
- Jobs Rank: **11**

* COST Scorecards

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[Competitiveness of State and Local Business Taxes – April 20, 2011](#)

List of Legislative Targets for 2015

TENNESSEE

- Put all property tax and exemption forms on a centralized website
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Incorporate a true independent tax dispute forum
- Seek repeal of MTC audit authority (income and sales)
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group

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January 2015

Summary for TENNESSEE Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **C**
 - No property tax laws/regulations on a centralized website (nothing on comptroller's site)
 - No statutory requirement that notice on how to appeal be sent to the taxpayer; instead, information on appeals located in assessor's public records
- Simplicity & Consistency: **C**
 - Unequal Assessment: Real property grouped into 4 classes and each class is assessed differently; tangible personal property is grouped into 3 classes and each class is assessed differently; intangible personal property is assessed at 40% of its value; there are no assessment caps
 - Inconsistent Appraisal Cycle: Every 4 to 6 years
- Procedural Fairness: **B**

State Tax Administration Overall Grade: C+

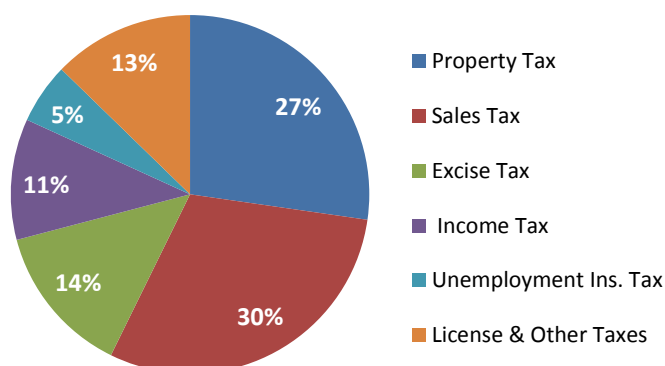
- No independent tax dispute forum
- Pay-to-Play: Bond, letter of credit, or affidavit is required in the amount of 150% of the assessment
- No definition of "final determination"; federal changes must be reported but not statutory time period for filing return to report the federal change
- Redacted private letter and revenue rulings published at Commissioner's discretion (rulings published by tax type on TN DOR website); there are no published rulings
- Assessment for additional tax deemed made by recording the liability at TN DOR; assessment valid even if no notice is provided to the taxpayer

Unclaimed Property Statutes Overall Grade: C+

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Tennessee
Property Tax	3.0
Sales Tax	3.3
Excise Tax	1.5
Income Tax (Corporate and Individual on Business Income)	1.2
Unemployment Insurance Tax	0.6
License & Other Taxes	1.4
Total Business Taxes	11.0
Total Effective Business Tax Rate (TEBTR)	4.7%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **35%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **45**
- Jobs Rank: **45**

* COST Scorecards

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List of Legislative Targets for 2015

TEXAS

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Increase timetable to protest an assessment to at least 60 days
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Enact legislation allowing FOC 80/20 exclusion

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January 2015

Summary for TEXAS Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **B**
- Simplicity & Consistency: **B**
- Procedural Fairness: **C**
 - Unequal Interest Rates: 1%/month for overpayments but State gets 60 days to repay an overpayment without accruing interest; automatic 6% penalty on any underpayment

State Tax Administration Overall Grade: C+

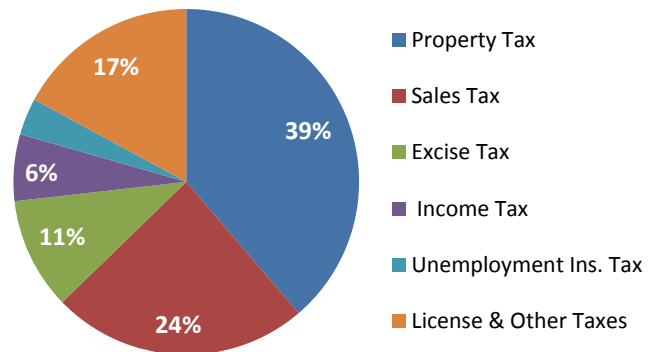
- There is an independent tax dispute forum (Tax Division of the State office of Administrative Hearings (SOAH)), however, the Comptroller retains the right to reject SOAH decisions
- Pay-to-Play: In order to avoid prepayment, the taxpayer must demonstrate inability to prepay and the tax must grant relief
- Unequal Interest Rates: Underpayment – prime rate plus 1%, Overpayment – lesser of annual rate earned on state treasury deposits during December of previous year or prime rate plus 1%
- Only 30 days to protest an assessment
- Franchise taxpayers have experienced recurring and significant issues related to inaccurate or multiple notices; Comptroller has sought to address the issue of undue revocations of good standing by implementing a new “right to transact business” standard (effective 5/5/2013)

Unclaimed Property Statutes Overall Grade: C-

- No exemption for business-to-business transactions, however credit balances owed to current vendors should not be reported
- No period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property
- Penalty Provisions: Failure to Pay or Deliver Property – 5% of value of property due, Willful Failure to File, Pay or Allow Examination of Records – Class B Misdemeanor (imprisonment)

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Texas
Property Tax	29.2
Sales Tax	18.1
Excise Tax	7.9
Income Tax (Corporate and Individual on Business Income)	4.7
Unemployment Insurance Tax	2.6
License & Other Taxes	12.9
Total Business Taxes	70.7
Total Effective Business Tax Rate (TEBTR)	4.9%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **52%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **20**
- Jobs Rank: **19**

* COST Scorecards

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List of Legislative Targets for 2015

UTAH

- Increase timetable to protest an assessment to at least 60 days
- Seek repeal of MTC audit authority (income and sales)
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination.
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Seek legislation repealing *Finnegan*, and enact *Joyce* rules
- Seek repeal of throwback statute
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group

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January 2015

Summary for UTAH Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **C**
 - Appeals process information not required to be included with real property notices
 - Property valuations available via website in some localities
- Simplicity & Consistency: **B**
- Procedural Fairness: **C**
 - No opportunity for taxpayer to escrow/defer payment on disputed tax

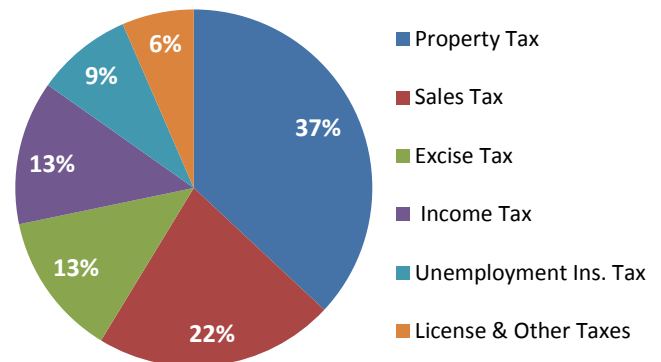
State Tax Administration Overall Grade: B+

Unclaimed Property Statutes Overall Grade: C+

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Utah
Property Tax	1.7
Sales Tax	1.0
Excise Tax	0.6
Income Tax (Corporate and Individual on Business Income)	0.3
Unemployment Insurance Tax	0.4
License & Other Taxes	0.3
Total Business Taxes	4.5
Total Effective Business Tax Rate (TEBTR)	3.8%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **34%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **17**
- Jobs Rank: **17**

* COST Scorecards

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List of Legislative Targets for 2015

VERMONT

- Seek *de minimis* exclusion for property taxes
- Put all property tax and exemption forms on a centralized website
- Incorporate a true independent tax dispute forum
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Equalize interest rates for underpayments and overpayments
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact legislation allowing FOC 80/20 exclusion
- Seek repeal of throwback statute
- Seek legislation to enact separate filings, or make MUCR elective

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January 2015

Summary for VERMONT Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: C
 - Selected property tax laws available on a centralized website but difficult to find
 - Valuation of property not available via website
- Simplicity & Consistency: C
 - Inconsistent Due Dates: Reports due by April 20; payments vary by municipality
 - No *de minimis* exclusion
- Procedural Fairness: C
 - No 60-day appeal, only 14 days

State Tax Administration Overall Grade: C

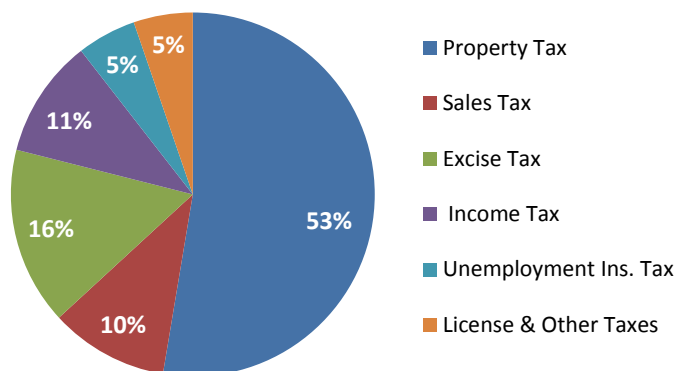
- No independent tax dispute forum
- Pay-to-Play: Bond or prepayment required for sales & use tax disputes, but not required for corporate income tax disputes
- Unequal Interest Rates: Underpayment – federal overpayment rate plus 200 basis points, Overpayment – average prime rate for 12-month period beginning October 1 of previous year
- Return due 30 days after federal return, but automatic extension only 30 days after federally extended due date

Unclaimed Property Statutes Overall Grade: C-

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Vermont
Property Tax	1.0
Sales Tax	0.2
Excise Tax	0.3
Income Tax (Corporate and Individual on Business Income)	0.1
Unemployment Insurance Tax	0.1
License & Other Taxes	0.1
Total Business Taxes	1.8
Total Effective Business Tax Rate (TEBTR)	7.5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **40%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **31**
- Jobs Rank: **29**

* COST Scorecards

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List of Legislative Targets for 2015

VIRGINIA

- Put all property tax and exemption forms on a centralized website
- Incorporate a true independent tax dispute forum
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group
- Seek legislation to enact 80/20 FOC exclusion

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January 2015

Summary for VIRGINIA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C-

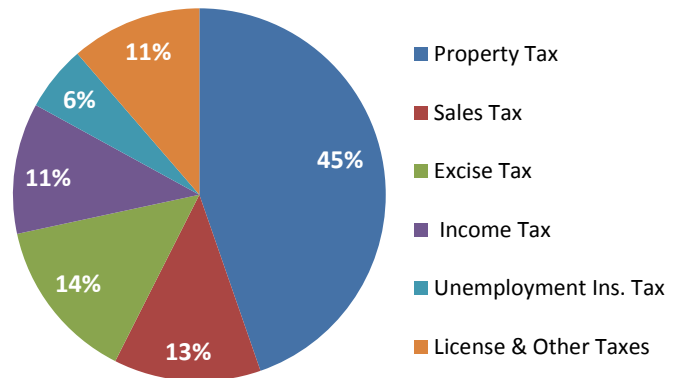
- Transparency: **D**
 - Property tax laws/regulations not on centralized website
 - Property tax forms not on centralized website
 - No Internet document explaining property tax system
- Simplicity & Consistency: **C**
 - No Centralized Oversight: City Council or Board of Supervisors appoints an assessor whose office is independent of the Commissioner
 - No standardized forms
 - Inconsistent due dates – due dates vary greatly
- Procedural Fairness: **C**
 - No 60-Day Appeal: Over 120 assessing authorities with different deadlines; notice of real estate assessment increase must be mailed at least 15 days prior to protest hearing
 - Real estate appeal does not exempt a property owner from paying disputed taxes, however payment practices vary amongst localities

State Tax Administration Overall Grade: B+

Unclaimed Property Statutes Overall Grade: A

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Virginia
Property Tax	6.0
Sales Tax	1.9
Excise Tax	2.0
Income Tax (Corporate and Individual on Business Income)	0.8
Unemployment Insurance Tax	0.8
License & Other Taxes	1.4
Total Business Taxes	13.8
Total Effective Business Tax Rate (TEBTR)	3.8%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **36%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **6**
- Jobs Rank: **10**

* COST Scorecards

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List of Legislative Targets for 2015

WASHINGTON

- Equalize interest rates for underpayments and overpayments of property taxes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Increase timetable to protest an assessment to at least 60 days
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 6 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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January 2015

Summary for WASHINGTON Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **B**
- Simplicity & Consistency: **B**
- Procedural Fairness: **D**
 - Unequal Interest Rates: Overpayment interest rate – variable rate based on short-term Treasury bill rates, Underpayment Rate – 12%
 - Burden of Proof: Assessor is presumed correct; burden on taxpayer to show erroneous assessment by cogent, clear and convincing evidence
 - No opportunity for taxpayer to escrow/defer payment on disputed tax

State Tax Administration Overall Grade: C

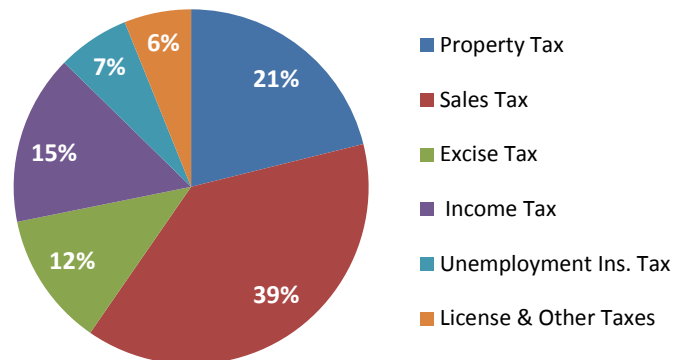
- Independent tax dispute forum, but no tax expertise is required
- Pay-to-Play: Even though payment of tax is not a jurisdictional requirement in the Board of Tax Appeals, the Department can still collect; Payment is a jurisdictional requirement for challenging an assessment in Superior Court
- Protest period only 30 days
- Tax rulings not published by WA DOR (both the request and the DOR's response considered confidential tax information), however, the state publishes generalized guidance; WA DOR's Appeals Division has discretion to publish certain determinations designated as precedential; WA DOR asserts that it is not bound by Board of Tax Appeals informal decisions for any other taxpayer; significant backlog of Board of Tax Appeals cases (approximately 4,000 cases at beginning of 2013)

Unclaimed Property Statutes Overall Grade: C-

- No exemption for business-to-business transactions
- 6-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property
- Penalty Provisions: Willful Failure to Report or Pay - \$100/day (\$5,000 max) plus 100% value of unreported property

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Washington
Property Tax	4.5
Sales Tax	8.2
Excise Tax	2.6
Income Tax (Corporate and Individual on Business Income)	3.3
Unemployment Insurance Tax	1.4
License & Other Taxes	1.3
Total Business Taxes	18.0
Total Effective Business Tax Rate (TEBTR)	5.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **57%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **40**
- Jobs Rank: **47**

* COST Scorecards

[The Best and Worst of International Property Tax Administration Scorecard – September 11, 2014](#)

[The Best and Worst of State Tax Administration – December 16, 2013](#)

[The Best and Worst of State Unclaimed Property Laws – October 2, 2013](#)

COST Studies

[FY14 State and Local Business Tax Burden Study – November 2015](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

[Competitiveness of State and Local Business Taxes – April 20, 2011](#)

List of Legislative Targets for 2015

WEST VIRGINIA

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Seek repeal of MTC audit authority (income)
- Repeal tax haven language
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide clear definition of “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact legislation allowing FOC 80/20 exclusion
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group

About COST:

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January 2015

Summary for WEST VIRGINIA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C-

- Transparency: **C**
 - No Internet document explaining property tax system; general documents regarding the system and process available for assessors, not laypeople
 - Assessors only required to give notice of increased assessment of real property when the assessment is 10% higher than the previous year's assessment and the increase in \$1,000 or more
 - Valuation of property not available via website, however, some counties are implementing an online system to gain valuation information
- Simplicity & Consistency: **C**
 - No *de minimis* exclusion
 - Assessments are equal, however, most properties are valued at 60% FMV (excluding farms and managed timberland properties, which are assessed at the basis of their use value); there are no equal assessment caps; effective tax rate on commercial/industrial property 2.14 times higher than residential property tax rate in Charleston (2013)
- Procedural Fairness: **D**
 - Unequal Tax Rates: Overpayments – 0% (unless court ordered), Underpayments – 9%
 - No 60-day appeal, only 30 days – but there are limitations
 - Burden of Proof: Taxpayer must show erroneous assessment by clear and convincing evidence
 - No opportunity for taxpayer to escrow/defer payment on disputed tax

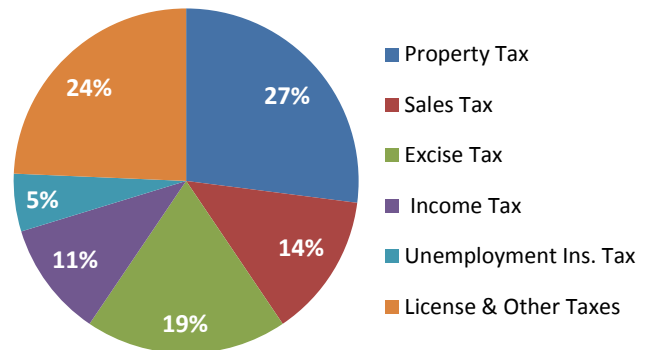
State Tax Administration Overall Grade: B

Unclaimed Property Statutes Overall Grade: C-

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property
- Gift certificates not exempt; if redeemable in merchandise only, amount deemed abandoned is 60% of face value

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	West Virginia
Property Tax	1.0
Sales Tax	0.5
Excise Tax	0.7
Income Tax (Corporate and Individual on Business Income)	0.4
Unemployment Insurance Tax	0.2
License & Other Taxes	0.9
Total Business Taxes	3.8
Total Effective Business Tax Rate (TEBTR)	6.2%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **29%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **42**
- Jobs Rank: **41**

* COST Scorecards

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COST Studies

[FY14 State and Local Business Tax Burden Study – November 2015](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

[Competitiveness of State and Local Business Taxes – April 20, 2011](#)

List of Legislative Targets for 2015

WISCONSIN

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of property taxes
- Put all property tax and exemption forms on a centralized website
- Seek repeal of MTC audit authority (income and sales)
- Increase time for filing a federal change to at least 180 days from final determination
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation repealing *Finnegan*, and enact *Joyce* rules
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Seek repeal of throwback statute
- Enact legislation allowing FOC 80/20 exclusion

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January 2015

Summary for WISCONSIN Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **C**
 - Property valuations available via Internet in some localities
- Simplicity & Consistency: **B**
 - No *de minimis* exclusion
 - Inconsistent Appraisal Cycle: Frequencies vary widely for locally assessed properties; field review required once every 5 years
- Procedural Fairness: **D**
 - Unequal Interest Rates: Overpayments – 9.6% (tax-exempt cases) and average 6-month Treasury Bill rate for other property tax cases, Underpayments – 12%
 - Burden of Proof: Taxpayer must show assessment is in error or that there is an error in procedure
 - No opportunity for taxpayer to escrow/defer payment on disputed tax

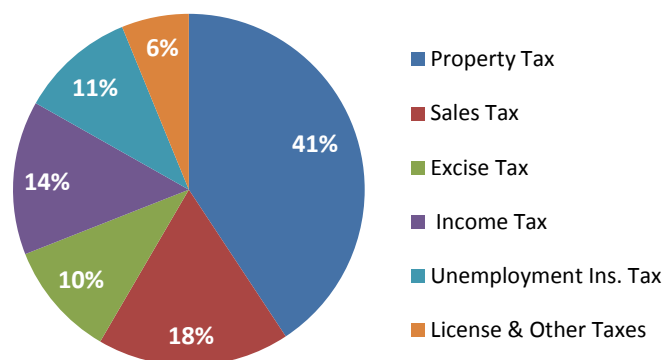
State Tax Administration Overall Grade: B

Unclaimed Property Statutes Overall Grade: A-

- Contingent fee audits are not banned for unclaimed property

FY14 State and Local Business Tax Burden (\$billion)

Type of Business Tax	Wisconsin
Property Tax	4.6
Sales Tax	2.0
Excise Tax	1.2
Income Tax (Corporate and Individual on Business Income)	1.6
Unemployment Insurance Tax	1.2
License & Other Taxes	0.7
Total Business Taxes	11.4
Total Effective Business Tax Rate (TEBTR)	4.5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **40%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **4**
- Jobs Rank: **4**

* COST Scorecards

[The Best and Worst of International Property Tax Administration Scorecard – September 11, 2014](#)

[The Best and Worst of State Tax Administration – December 16, 2013](#)

[The Best and Worst of State Unclaimed Property Laws – October 2, 2013](#)

COST Studies

[FY14 State and Local Business Tax Burden Study – November 2015](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

[Competitiveness of State and Local Business Taxes – April 20, 2011](#)

List of Legislative Targets for 2015

WYOMING

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Increase timetable to protest an assessment to at least 60 days
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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January 2015

Summary for WYOMING Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **B**
- Simplicity & Consistency: **C**
 - No *de minimis* exclusion
 - Unequal Assessment: Assessment ratios vary dramatically based on property type; county assessment caps differ from city and town caps
- Procedural Fairness: **C**
 - Unequal Tax Rates: Overpayments – limited to interest earned in escrow account, Underpayments – 18%

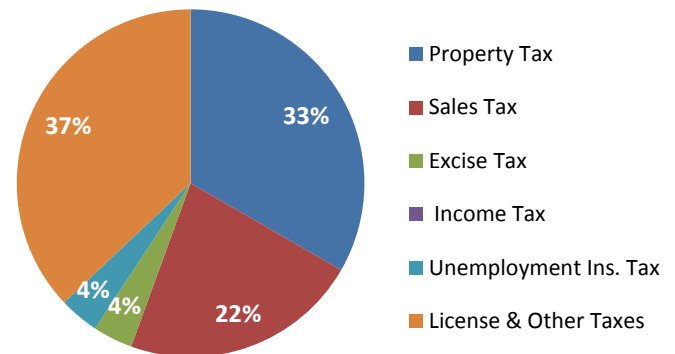
State Tax Administration Overall Grade: B

Unclaimed Property Statutes Overall Grade: C-

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY14 State and Local Business Tax Burden (\$billions)

Type of Business Tax	Wyoming
Property Tax	0.9
Sales Tax	0.6
Excise Tax	0.1
Unemployment Insurance Tax	0.1
License & Other Taxes	1.0
Total Business Taxes	2.7
Total Effective Business Tax Rate (TEBTR)	7.3%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **53%**

State and Local Business Tax Competitiveness Index

- Weighted Capital Investment Rank: **9**
- Jobs Rank: **9**

* COST Scorecards

[The Best and Worst of International Property Tax Administration Scorecard – September 11, 2014](#)
[The Best and Worst of State Tax Administration – December 16, 2013](#)
[The Best and Worst of State Unclaimed Property Laws – October 2, 2013](#)

COST Studies

[FY13 State and Local Business Tax Burden Study – August 19, 2014](#)
[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)
[Competitiveness of State and Local Business Taxes – April 20, 2011](#)