

STEPHEN P. KRANZ
DIRECT LINE: 202.383.0267
E-mail: steve.kranz@sutherland.com

June 18, 2009

Dale Higer
Chair, NCCUSL Study Committee
111 N. Wabash Ave.
Suite 1010
Chicago, Illinois 60602

Dear Mr. Higer:

We strongly urge that the Uniform Law Commission ("ULC") disregard the tentative recommendation of the Study Committee to Revise the Uniform Division of Income for Tax Purposes Act ("UDITPA"). As described below, the opposition to the UDITPA project is clear – continuing the debate will put the ULC between taxpayers, legislators, and tax administrators in a longstanding battle over efforts to change the rules for sourcing and apportioning corporate income. This battle is one best left to state legislatures and is not conducive to uniform or model legislation. As such, the ULC should terminate the Study Committee.

In a May 14, 2009 private Study Committee call, "several members of the committee felt [that the committee] should explore with elected executive and legislative leaders of the states the need to revise UDITPA." The Study Committee thus recommended that ULC extend the time for studying the "feasibility of undertaking a revision of the act" and allow until January 2010 for that work to be completed.

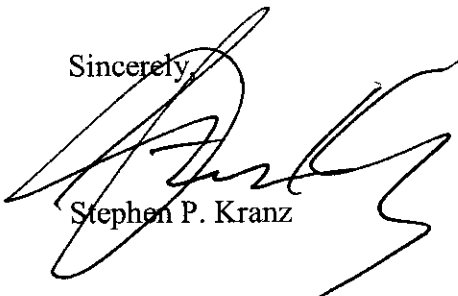
Almost a year ago the ULC invited the National Conference of State Legislatures, Council of State Governments and the American Legislative Exchange Council to designate legislators as Advisors to the Study Committee for the purpose of ensuring that the views of elected state policymakers be heard by the Study Committee. Despite the participation of legislators from all three organizations (including two Republicans and two Democrats), the Study Committee has concluded that it needs additional time to gather input from elected policymakers. While we fully support the idea that elected policymakers be consulted in determining the feasibility of the project, it is not clear how the three organizations have failed to

provide adequate input to the Study Committee. One might ask why the Study Committee did not invite the legislative advisors to participate in the May 14th call when it did invite the consultants and ABA advisors.

Since the ULC began considering the UDITPA project – in September 2006, almost three years ago – the proponents have been unable to generate support outside the tax administrator community. On the other hand, taxpayers and legislative organizations have been clear in their opposition. Allowing additional time for the proponents to search for support will simply require those opposed to the project to continue expending resources and forces a debate at the ULC that is properly resolved in other forums.

For the reasons stated above, we ask that the ULC not follow the recommendation of the Study Committee. Instead the Scope and Program Committee or Executive Committee should decide to terminate the project.

Sincerely,



Stephen P. Kranz

cc: John A. Sebert, Executive Director
Martha Lee Walters, President
Robert A. Stein, Chair Executive Committee
Michael Houghton, Chair Scope and Program Committee