

In Opposition to the Project to Revise the Uniform Division of Income for Tax Purposes Act

The organizations listed below oppose the National Conference of Commissioners on Uniform State Laws (NCCUSL) project to revise the Uniform Division of Income for Tax Purposes Act (UDITPA) and urge NCCUSL to abandon the project.

UDITPA Rewrite Fails NCCUSL's Constitutional Purpose

Article 1.2 of the constitution of the National Conference of Commissioners on Uniform State Laws (NCCUSL) states: "It is the purpose of the Conference to promote uniformity in the law among the several States on subjects as to which uniformity is desirable and practicable." Given the plenitude of demographic, statutory and political differences among states, it is quite clear that the proposed revision of UDITPA is neither desirable nor practicable – and from the standpoint of uniform enactment, realistically unachievable.

With respect to desirability, it has been our experience that elected state policymakers have little or no interest in uniformity in the area of corporate income tax apportionment. In fact, governors and state legislatures regularly enact corporate income tax measures that distinguish their state from their sister states. The inherent desire for state elected officials to differentiate their states so as to develop an attractive climate for jobs and investment is in direct conflict with the interest of certain tax administrators to enact uniform corporate income tax apportionment laws.

With respect to practicality, efforts to achieve uniformity in state tax law via voluntary model statutes have been less than successful by any measure. Few states have historically adopted the multitude of uniform state tax laws offered by NCCUSL, the Multistate Tax Commission or other bodies, and none of these uniform laws has ever been broadly adopted. The low adoption rate of such statutes is primarily due to the inability of such laws to be crafted in such a way as to be uniformly embraced by individual state governors or legislatures.

Uniformity in State Taxation Requires Federal Action

The power to tax is the core of state sovereignty. State elected officials will always vigilantly guard their taxing authority and use it to seek advantage for their states, however they define advantage. As a result, uniformity in state taxation cannot be achieved absent federal action. We appreciate NCCUSL's willingness to tackle difficult subjects, but with regard to the issues addressed by the UDITPA project, NCCUSL fails to meet its constitutional purpose of promoting uniformity where uniformity is desirable and practicable.

Sincerely,

Alcoa

**Arizona Chamber of Commerce &
Industry**

Arizona Public Service Company

Arizona Tax Research Association

Associated Industries of Massachusetts

Association for Competitive Technology

AT&T

Baxter International

Cardinal Healthcare

**Colorado Association of Commerce and
Industry (CACI)**

Comcast

Council On State Taxation (COST)

CTIA – The Wireless Association

EDS

First Data Corporation

Ford Motor Company

IDEX Corporation

Illinois Bankers Association

Illinois Chamber of Commerce

Illinois Technology Association (ITA)

Indiana Chamber of Commerce

Internet Alliance

**Iowa Association of Business and
Industry**

Kansas Chamber of Commerce

Long Beach (CA) Chamber of Commerce

Maryland Chamber of Commerce

Meredith Corporation

Minnesota Chamber of Commerce

NetChoice

New Jersey Chamber of Commerce

**Software Finance and Tax Executives
Council**

South Carolina Chamber of Commerce

Sprint

Taxpayers' Federation of Illinois

The Clearing House Association L.L.C.

The Coca Cola Company

The State Chamber of Oklahoma

Time Warner Cable

Virginia Chamber of Commerce