

## **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 Tax Research Association**

**Arizona Chamber of Commerce &  
Industry**

**Associated Industries of Massachusetts**

**Arizona Public Service Company**

**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**