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June 13, 2008

RECEIVED
JUN 16 2008

BY:

John Sebert
Executive Director
National Conference of Commissioners on Uniform State Laws
111 N. Wabash Ave., Suite 1010
Chicago, IL 60602

Re: Revision of the Uniform Division of Income for Tax Purposes Act.

Dear Mr. Sebert:

The Idaho State Tax Commission strongly supports NCCUSL's decision to undertake the badly needed revision of the Uniform Division of Income for Tax Purposes Act. We know there have been some expressions of opinion opposing the need for this project. We urge your group and the drafting committee to proceed with an expeditious but careful review of the Act. A revised model Act for states is important because the original Act is more than half a century old. Dramatic changes in the way multistate taxpayers conduct their business activity have rendered parts of the Act either obsolete or out of step with tax policies adopted by states. These difficulties include provisions addressing:

- Sales factor numerator sourcing for receipts from transactions other than sales of tangible personal property (UDITPA § 17)
- Factor Weighting (UDITPA § 9)
- Definition of Business Income (UDITPA § 1(a))
- Definition of Gross Receipts (UDITPA § 1(g))
- Distortion Relief Provision (UDITPA § 18)

State legislatures need a carefully considered, well drafted model act to replace the existing law. Without a model act, states will increasingly address the obvious deficiencies in the current Act by adopting state specific solutions with little or no regard for how those disuniform solutions may adversely affect multistate taxpayers and state revenues. The observation made in the Prefatory Note to the original Act is as true today as it was then:

The need for a uniform method of division of income for tax purposes among the several taxing jurisdictions has been recognized for many years and has long been recommended by the Council of State Governments. There

is no other practical means of assuring that a taxpayer is not taxed on more than its net income.

In our federal system of government, it is important that states themselves - and not the federal government - effectively address and resolve matters as critical to sovereignty as the ability to raise necessary revenues through taxation. When, as in this instance, fair and effective state tax policies require interstate cooperation, organizations like NCCUSL and the Multistate Tax Commission are the appropriate instruments of state government to initiate suitable suggested solutions for consideration by state legislatures.

Sincerely,

A handwritten signature in blue ink, appearing to read "Royce C. Chigbrow", is written over the typed name and title.

Royce C. Chigbrow
Chairman
(208) 334-7500

rcc/ss

cc: Joe Huddleston, MTC