



State of California  
**Franchise Tax Board**

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BY: .....

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

Dear Mr. Sebert,


UDITPA was adopted over fifty years ago and ultimately became the template for most state tax laws that involve the division of income between jurisdictions. But times have changed and the manner in which business is conducted has changed. State division of income tax laws have also changed, in large part, reflecting determinations that the current UDITPA does not, in some areas, adequately address the way business is now conducted or the needs of the states. After 50 years it is time to review UDITPA to determine if there are areas where it can be modernized and in many cases conformed to the changes that states have made.

California and the decisions of the California State Board of Equalization are part of the heritage of UDITPA. In addition, the California Franchise Tax Board is generally recognized as being one of the leading state tax agencies in the country and as having more experience with the implementation of UDITPA than any other state. California therefore has a particular interest in UDITPA, and the manner in which it might be changed.

UDITPA itself, and the history surrounding its use by the states, is a prime example of the reason NCCUSL exists and the role it plays. Not only is UDITPA a NCCUSL product, meaning that it is natural that it should be involved in discussing revisions to it, but NCCUSL is also in a unique position to evaluate how UDITPA has worked and what if any changes need to be made. It is neither a creature of state tax administrators nor state taxpayers. The existence of NCCUSL, and all of the various statutes that it has proposed, are a testament to the viability of our federal system of government and the role that the states play in that system. NCCUSL has facilitated that role in many areas and should continue to do so in the area of state division of income.

I strongly urge NCCUSL to proceed with its review of UDITPA.

Sincerely,

  
Selvi Stanislaus  
Executive Officer