



June 22, 2009

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

Re: ALEC Opposition to NCCUSL Revision of UDITPA

Dear Mr. Higer,

On behalf of more than 2,000 legislative and private sector members of the American Legislative Exchange Council (ALEC), we urge the Uniform Law Commission to discontinue the current effort to revise the Uniform Division of Income for Tax Purposes Act ("UDITPA").

As was previously communicated to the NCCUSL Scope and Program Committee on July 7, 2008, ALEC has officially adopted a Resolution (attached) which reflects our principal objections to the effort.

As indicated in the resolution, which unanimously passed ALEC's Tax and Fiscal Policy Task Force, ALEC supports state tax competition and the fundamental right of states to design their own tax structures to reflect the unique nature of their economic, geographical, cultural, and political climates. These are decisions that should be made by elected officials in each state. NCCUSL's role in developing uniformity is admirable in areas where the states have expressed a need for it, or in cases when uniformity does not infringe upon the rights of state legislatures. The continuation of the project however, is antithetical to ALEC's Jeffersonian principles and we request that you terminate the project to revise UDITPA.

Thank you for allowing us an opportunity to share our concerns with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan B. Smith". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Alan B. Smith
Executive Director
American Legislative Exchange Council



Resolution to Oppose NCCUSL Effort to Rewrite the Uniform Division of Income for Tax Purposes Act

Summary: This resolution opposes the effort being undertaken by the National Conference of Commissioners on Uniform State Laws (NCCUSL) to rewrite the Uniform Division of Income for Tax Purposes Act (UDITPA). This resolution recognizes that state tax competition and the fundamental right of states to design their own tax structures to reflect the unique nature of their geographical, cultural, and political climates weighs against the NCCUSL effort to develop a uniform approach to taxing income. Further, this resolution recognizes that NCCUSL is funded by state appropriated monies and expresses our concern that NCCUSL would use such funds on an effort that contravenes the competition among states.

Resolution

WHEREAS, it is the mission of the American Legislative Exchange Council to advance Jeffersonian principles of free markets, limited government, federalism and individual liberty, and

WHEREAS, a uniform tax on corporate income contravenes ALEC's mission to support state sovereignty, and

WHEREAS, state legislatures have designed their individual state tax structure to meet the needs of their in-state businesses thereby distinguishing their state from, and competing directly with, other states, and

WHEREAS, state elected officials strive to differentiate their states with legislative enactment of tax provisions that reflect each state's unique climate for jobs and investment, and

WHEREAS, the NCCUSL effort to rewrite UDITPA is being driven by the Multistate Tax Compact, an organization of tax administrators seeking uniform corporate income tax apportionment rule throughout the states, and

WHEREAS, uniformity of corporate income taxation is not desirable nor practical, thus failing to meet NCCUSL's own criteria for drafting a uniform act, and

WHEREAS, NCCUSL is a quasi-state organization funded by appropriated taxpayer dollars,
and

NOW, THEREFORE, BE IT RESOLVED that ALEC opposes the NCCUSL effort to rewrite UDITPA, where such rewrite would interfere with tax competition between states.

BE IT FURTHER RESOLVED that ALEC urges NCCUSL to discontinue the effort to rewrite UDITPA as a waste of taxpayer funds, where such rewrite would interfere with tax competition between states.