



State Tax Matters  
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## Multistate Tax Alerts

### Illinois enacts tax changes in response to OBBBA

On December 12, 2025, Illinois enacted [Senate Bill 1911](#) ("S.B. 1911"), which includes several changes to the State's income tax provisions in response to federal tax changes under federal Public Law 119-21, commonly known as the One, Big, Beautiful Bill Act (OBBBA). S.B. 1911 continues to decouple Illinois from federal bonus depreciation Internal Revenue Code (IRC) section 168(k), decouples from the newly created IRC section 168(n) for taxable years 2026 and thereafter, limits the deduction for Net CFC Tested Income to 50% of such income, and removes the sunset date applicable on the Illinois pass-through entity tax election.

This Multistate Tax Alert summarizes some of the important provisions in S.B. 1911. These provisions build upon the 2026 budget act enacted earlier this year, which are covered in this [previously issued Multistate Tax Alert](#).

URL: <https://www.deloitte.com/content/dam/assets-zone3/us/en/docs/services/tax/2025/illinois-enacts-tax-changes-in-response-to-obbba.pdf>  
[Issued December 15, 2025]

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### Massachusetts Life Sciences Center Tax Incentive Program expected to open December 2025

The Massachusetts Life Sciences Center (MLSC) is anticipated to officially announce the opening of the 2025 [MLSC Tax Incentive Program](#) ("MLSC Program") in December 2025. The MLSC is a quasi-governmental economic development agency dedicated to the support and growth of the life science industry in Massachusetts, including the administration of the MLSC Program. Traditionally, applications under this program have only been accepted during the specified application window, which opens annually in December and closes in February. Several of the incentives offered under the MLSC Program are refundable and may be claimed on the applicant's 2025 Massachusetts Corporate Excise Tax return.

This Multistate Tax Alert summarizes the procedural requirements of the MLSC Program.

URL: <https://www.deloitte.com/content/dam/assets-zone3/us/en/docs/services/tax/2025/massachusetts-life-sciences-center-tax-incentive-program-expected-to-open-december-2025.pdf>  
[Issued December 9, 2025]

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### Pennsylvania enacts tax changes in response to OBBBA

On November 12, 2025, Pennsylvania enacted [House Bill 416](#) as Act 45 of 2025 ("Act 45"). Act 45 makes several changes to the Commonwealth's corporate net income tax (CNIT) conformity to federal Public Law 119-21, commonly known as the One, Big, Beautiful Bill Act (OBBBA), which was enacted on July 4, 2025. The new Pennsylvania law decouples from certain federal tax changes made in the OBBBA pertaining to research and experimental expenses, depreciation deductions for qualified production property, and business interest expenses. These provisions of Act 45 are effective for tax years beginning after December 31, 2024.

This Multistate Tax Alert summarizes some of the relevant CNIT provisions of Act 45.

URL: <https://www.deloitte.com/content/dam/assets-zone3/us/en/docs/services/tax/2025/pennsylvania-enacts-tax-changes-in-response-to-obbba.pdf>  
[Issued December 10, 2025]

## Income/Franchise

### Rhode Island – Emergency Rules Address New Law that Decouples from OBBBA Provisions

[Emergency Regulation 280-RICR-20-25-16](#), R.I. Dept. of Rev. (eff. 12/15/25); [Emergency Regulation 280-RICR-20-55-16](#), R.I. Dept. of Rev. (eff. 12/15/25); [ADV 2025-25: Emergency Regulations Effective December 15, 2025 - Guidance on Rhode Island taxation in response to H.R.1 for Tax Year 2025 and prior](#), R.I. Dept. of Rev. (12/16/25). The Rhode Island Department of Revenue (Department) issued two emergency regulations providing guidance on the Rhode Island income tax (both business corporation and personal income taxes, respectively) implications for tax years 2025 and prior due to the federal One Big Beautiful Bill Act (now commonly referenced as “OBBBA” and more formally as P.L. 119-21), and Rhode Island’s subsequently enacted decoupling legislation [see [H.B. 5076 \(2025\)](#) and [State Tax Matters, Issue 2025-27](#), for additional details on this enacted Rhode Island budget legislation, as well as [ADV 2025-20: Rhode Island Decouples from Recently Enacted Federal Legislation-H.R. 1](#), R.I. Dept. of Rev. (10/2/25) and [State Tax Matters, Issue 2025-39](#), for subsequently issued administrative guidance]. In doing so, the Department explains that because Rhode Island has decoupled from the OBBBA provisions, “certain modifications and deductions allowed federally must be added back for Rhode Island tax purposes.” According to the Department, the intent of these emergency regulations is to “preserve Rhode Island’s tax base and provide clarity and guidance to taxpayers and tax professionals in light of the new and retroactive tax impacts for businesses and individuals.” The Department states that these two emergency regulations went into effect on December 15, 2025, are effective for 120 days, and may be renewed for an additional 60 days. Please contact us with any questions.

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## Gross Receipts

### Ohio – DOT Releases Draft Proposed Rule Changes on CAT’s Agency Exclusion and Asks for Comments by December 29

[Proposed Amended Ohio Admin. Code 5703-29-13](#), Ohio Dept. of Tax. (12/15/25); [Bulletin: The Business Tax Division Seeks Comments on Proposed Rules](#), Ohio Dept. of Tax. (12/15/25). The Ohio Department of Taxation released draft proposed changes to its Ohio commercial activity tax (CAT) rule on the “agency exclusion” by revising the definition of “agency” to “incorporate changes due to recent case law.” The draft proposal provides that “in the case of a person who enters into a contract with a client where the person is reimbursed for its expenses incurred in the performance of the contract, an agency relationship generally does not exist.” Therefore, according to the draft proposal, “the amounts received from the client to reimburse the person for its expenses are considered gross receipts and cannot be deducted from the person’s gross receipts.” An illustrative example involving a food services provider is also included in the draft proposal. Comments on this draft proposal are due by December 29.

Note that earlier this year, in a case involving a company providing managed services for its clients wherein it purchased food and supplies for them pursuant to certain management fee contracts, the Ohio Supreme Court affirmed the company failed to show it was acting as an agent of its clients and thus the reimbursements it received from these contracts could *not* be excluded from its Ohio CAT receipts [see [Case No. 2023-1540](#), Ohio (6/18/25) and [State Tax Matters, Issue 2025-24](#), for more details on this decision]. Please contact us with any questions.

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## Sales/Use/Indirect California – Appellate Court Holds Against Streaming Companies in Local Franchise Fee Suit

[Case No. B342211](#), Cal. Ct. App. (12/17/25). In a suit filed by the City of Santa Barbara, California (City) against several streaming entertainment companies claiming that they owed the City's local franchise fees imposed on certain video service providers pursuant to the City's "Telecommunications and Video Users' Tax Reduction and Modernization Ordinance" (the "Ordinance"), a California Court of Appeal (Court) affirmed the California superior court and held that the streaming companies were liable for these fees, "because for a fee they provided video services to Santa Barbara homes and businesses." The Court explained that pursuant to the Ordinance, taxable "video services" includes video programming – and any and all services related to the providing, recording, delivering, use or enjoyment of such programming – using one or more channels by a video service supplier, "regardless of the technology used to deliver, store or provide such services." In this respect, the Court agreed with the lower court that the Ordinance applies regardless of whether the technology includes "a transmission path to a customer's home, as in cable-provided video, or the customer accesses video services through the customer's ISP, as in streaming." Please contact us with any questions.

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## Illinois – DOR Says Marketplace Facilitators are Broadly Defined and May Include Wide Variety of Ecommerce Businesses

[General Information Letter ST 25-0060-GIL](#), Ill. Dept. of Rev. (11/19/25). Responding to an inquiry submitted by a software technology provider and whether it is a “marketplace facilitator” for Illinois retailers’ occupation tax (ROT) purposes in offering its customers (i.e., online sellers) a platform that enables them to manage and advertise auction listings online and connect with various third-party payment processors “without direct involvement in processing, receiving, or controlling payments,” an Illinois Department of Revenue (Department) general information letter explains that a marketplace facilitator in Illinois is broadly defined with “application to a wide variety of ecommerce businesses.” According to the Department, the “broad language” of the relevant statutes and administrative rules on marketplace facilitators includes expansive terms like “facilitates,” “indirectly,” “arrangement,” and “provision.” The letter explains that a “marketplace facilitator” under Illinois sales and use tax law is a person who, pursuant to an agreement with an unrelated third-party marketplace seller, directly or indirectly through one or more affiliates facilitates a retail sale by an unrelated third-party marketplace seller by:

- listing or advertising for sale by the marketplace seller in a marketplace, tangible personal property that is subject to tax under the ROT; and
- either directly or indirectly, through agreements or arrangements with third parties, collecting payment from the customer and transmitting that payment to the marketplace seller regardless of whether the marketplace facilitator receives compensation or other consideration in exchange for its services.

The Department notes that the “provision on a marketplace of functionality for connection to a payment mechanism” generally meets these payment-related requirements. The letter also comments that beginning January 1, 2021, an internet auction listing service meeting the requirements of a marketplace facilitator, including one of the tax remittance thresholds, is considered a marketplace facilitator subject to Illinois state and local ROT on sales made on its marketplace to purchasers in Illinois. Please contact us with any questions.

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## Illinois – Bulletin Explains Destination-Based ROT Changes, Including Repealed 200-Transaction Nexus Threshold

[Informational Bulletin FY 2026-12: Destination-Based Retailers’ Occupation Tax Changes](#), Ill. Dept. of Rev. (8/25). The Illinois Department of Revenue (Department) posted a bulletin on the statutory repeal of Illinois’ 200 transaction-based “Wayfair” economic nexus annual threshold for purposes of requiring remote sellers and marketplace facilitators to collect and remit Illinois retailers’ occupation tax (ROT), effective as of January 1, 2026 – which leaves intact the \$100,000 cumulative gross receipts from sales of tangible personal property annual threshold [see [H.B. 2755 \(Public Act 104-0006\)](#), signed by gov. 6/16/25, and [previously issued Multistate Tax Alert](#) for more details on the underlying Illinois legislation]. Among several other topics, the bulletin explains that beginning January 1, 2026, for destination-based sales, if a taxpayer fails to provide sufficient information to determine the proper location, the Department “will assess tax on the gross receipts of such sales to undetermined tax locations at the rate of 15%.” Additionally, these sales “will be assigned to undetermined tax locations,” and “unprocessable penalties will not apply to such sales.” In doing so, the Department notes that prior to January 1, 2026, “such sales were subject to unprocessable return penalties under the Uniform Penalty and Interest Act (UPIA);” however, as of January 1, 2026, “this 15% undetermined location rate may be used during an audit” by the Department “for any periods under audit, including reporting periods prior to January 2026.”

Please contact us with any questions.

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## Maryland – Proposed Rule Changes Reflect New 3% Sales Tax on Certain IT and Data Services with Comments Due January 25

*Proposed Amended COMAR 03.06.01.01, 03.06.01.03, 03.06.01.05, 03.06.01.07, 03.06.01.08, 03.06.01.11, 03.06.01.21, 03.06.01.25, 03.06.01.28, 03.06.03.02, and New COMAR 03.06.01.48, 03.06.01.49, 03.06.01.50*, Md. Comptroller (12/12/25); *News Release*, Md. Comptroller (12/12/25). Pursuant to recently enacted legislation imposing a new 3% sales tax on certain information technology (IT) and data services as of July 1, 2025 [see *H.B. 352*, signed by gov. 5/20/25, and *previously issued Multistate Tax Alert* for more details on these law changes], the Maryland Comptroller (Comptroller) is proposing amended and new administrative rules on the application and administration of the new taxable services. According to an accompanying news release from the Comptroller, the proposed rules are “aligned with” previously issued guidance [see *Technical Bulletin 56 - Questions and Answers on New Taxable Services*, Md. Comptroller (rev. 6/30/25) and *State Tax Matters, Issue 2025-26*, for more details on this earlier guidance]. In addition, the Comptroller states that these proposed amended and new rules will be published in the Maryland Register on December 26, 2025, and comments will be accepted through January 25, 2026. Please contact us with any questions.

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## North Carolina – Dealer Owes Tax on its Facilitation of Prepaid Wireless Calling Services Under Certain Conditions

*Case No. 272A23*, N.C. (12/12/25). In a ruling involving an in-state authorized dealer for a prepaid wireless service provider and whether its actions in facilitating the deposit of money into the customer accounts of the wireless service provider are taxable under North Carolina law, the North Carolina Supreme Court (Court) affirmed in part and reversed in part a North Carolina Business Court decision from 2023 [see *Case No. 2023 NCBC 39*, N.C. Business Ct. (6/2/23), and *State Tax Matters, Issue 2023-23*, for more details on the North Carolina Business Court ruling in this case]. The Court affirmed that for the first period under audit, such actions constituted the taxable sale of prepaid wireless calling services as defined in N.C. Gen. Stat. § 105-164.3(27a) because these real time replenishments (“RTRs”) conveyed the right to purchase wireless services and could only be redeemed for prepaid wireless services. The Court also agreed that because the dealer operated as a “retailer” in these situations, it was responsible for collecting and remitting applicable North Carolina sales tax on its sales of the RTRs at the point of sale for the first period under audit.

However, the Court reversed the North Carolina Business Court for the second period under audit, holding that because the underlying agreements had changed and the prepaid amounts facilitated by the dealer could be redeemed *either* for prepaid wireless services *or* for the purchase of products from the wireless service provider, the RTRs no longer met the statutory definition of taxable “prepaid wireless calling services” and instead constituted nontaxable stored-value cards. In this respect, the Court held that the dealer did *not* owe North Carolina sales tax on its sales of the RTRs at the point of sale for the second period under audit – concluding instead that the wireless service provider ultimately would be responsible for collecting applicable North Carolina sales tax at the point of redemption. A concurring opinion follows. Please contact us with any questions.

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## Washington – Appellate Court Says Taxpayer is Eligible for Use Tax Exemption and Rejects DOR’s Narrower Interpretation

*Case No. 40685-7-III*, Wash. Ct. App. (12/11/25). A Washington Court of Appeals (Court) reversed the Washington Board of Tax Appeals and held for a silicon manufacturer that based on the provided facts, it was eligible for a state use tax statutory exemption on gases and chemicals used by a manufacturer in the production of semiconductor materials. In doing so, the Court held that the Washington Department of Revenue’s narrower interpretation of the exemption statute – which allowed the exemption only if a taxpayer’s gas came into direct contact with the product – contradicted both the exemption statute’s plain language and its explicit legislative intent. Under the facts, it was undisputed that the taxpayer in this case used natural gas in the production of semiconductor materials to grow its silicon product, which the Court explained, was one of the listed uses under the exemption statute and thus the taxpayer was entitled to a refund of the tax paid to use natural gas for this purpose. According to the Court, such interpretation in the taxpayer’s favor under these facts is “textually faithful and aligned with the legislature’s intent.” Please contact us with any questions.

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## Other/Miscellaneous

### Maryland – Proposed DAGRT Rule Says that Taxable Digital Ad Services Must be Programmatic and Conveyed Visually; Comments Due January 26

[Proposed Amended COMAR 03.12.01.01, Digital Advertising Tax, Definitions](#), Md. Comptroller (12/12/25); [News Release](#), Md. Comptroller (12/12/25). The Maryland Comptroller (Comptroller) is proposing changes to an administrative rule on Maryland's novel tax on digital advertising services (*i.e.*, the "Digital Advertising Gross Revenues Tax" or "DAGRT") that reflect guidance issued earlier this year [see [Technical Bulletin No. 59: Digital Advertising Gross Revenues Tax](#), Md. Comptroller (eff. 7/11/25) and [State Tax Matters, Issue 2025-27](#), for more details on this administrative bulletin], requiring that digital advertising services be both programmatic *and* conveyed visually to be taxable under the DAGRT. According to an accompanying news release from the Comptroller, "any taxpayer who may have previously reported tax on digital advertising services that are not both programmatic and conveyed visually has three years from the due date to file an amended return." The Comptroller also states that these proposed DAGRT rule changes "will appear in the Maryland Record on December 26, 2025," and their notice and comment period ends January 26, 2026. Please contact us with any questions.

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