State Tax Matters
The power of knowing.
March 14, 2025

**In this issue:**

## Income/Franchise:
## Idaho: New Law Implements Additional Corporate and Personal Income Tax Rate Reductions

*H.B. 40*, signed by gov. 3/6/25. Effective immediately and applicable retroactively to January 1, 2025, new law lowers Idaho's corporate income tax rate from 5.695% to 5.3% and similarly lowers Idaho's flat individual income tax rate from 5.695% to 5.3%. These newly enacted Idaho income tax rate reductions follow earlier income tax rate reductions that were enacted in 2024 and 2023 [see H.B. 521 (2024) and *State Tax Matters*, Issue 2024-14; and H.B. 172 (2023) and *State Tax Matters*, Issue 2023-13, for more details on the 2024 and 2023 legislation]. Please contact us with any questions.
**URL:** https://legislature.idaho.gov/sessioninfo/2025/legislation/H0040/
**URL:** https://legislature.idaho.gov/sessioninfo/2024/legislation/H0521/
**URL:** https://dhub.deloitte.com/Newsletters/Tax/2024/STM/240405_1.html
**URL:** https://legislature.idaho.gov/sessioninfo/2023/legislation/H0172/
**URL:** https://dhub.deloitte.com/Newsletters/Tax/ 2023/STM/230331_1.html

— Scott Schiefelbein (Portland)
Managing Director
Deloitte Tax LLP
sschiefelbein@deloitte.com

---

## Income/Franchise:
## New Mexico Ruling Addresses Sourcing Sales of TPP Delivered to Third-Party Distribution Warehouses

*Ruling No. 210-25-1*, N.M. Tax'n and Rev. Dept. (2/13/25). In a ruling involving a distribution company filing as part of a New Mexico unitary combined corporate income tax return with various affiliates that manufacture, purchase, and import certain tangible personal property (*i.e.*, the "products"), the New Mexico Taxation and Revenue Department (Department) held that, based on the provided facts, the delivery of the products by the company to third-party distributor warehouses within New Mexico are deemed to terminate in New Mexico and thus such sales are sourced to New Mexico – regardless of whether the third-party distributors subsequently move the products to locations outside New Mexico. Correspondingly, the Department held that the delivery of products by certain affiliates to third-party distributor warehouses located outside of New Mexico are deemed to terminate outside of New
Mexico and thus such sales are *not* sourced to New Mexico – regardless of whether the third-party distributors subsequently move the products to locations within New Mexico. Please contact us with any questions.
**URL:** https://klvg4oyd4j.execute-api.us-west-2.amazonaws.com/prod/PublicFiles/34821a9573ca43e7b06dfad20f5183fd/e352d3e2-0084-48dd-b660-c6d8de3b3ae7/210-25-1.pdf

— Scott Schiefelbein (Portland)
Managing Director
Deloitte Tax LLP
sschiefelbein@deloitte.com

Cindy James (Phoenix)
Specialist Leader
Deloitte Tax LLP
cyjames@deloitte.com

Jimmy Westling (Phoenix)
Senior Manager
Deloitte Tax LLP
jawestling@deloitte.com

---

## Income/Franchise:
## Ohio: New Law Generally Updates State Conformity to Internal Revenue Code

*H.B. 14*, signed by gov. 3/7/25. Effective immediately, new law generally incorporates into Ohio's corporate and individual income tax laws those Internal Revenue Code (IRC) changes made since March 15, 2023 (previously, February 17, 2022), and permits a taxpayer whose taxable year ends after such date, but before the effective date of these incorporated changes (*i.e.*, before March 7, 2025), to elect to apply the IRC as it existed for that taxable year. Note that Ohio continues to decouple from certain federal income tax provisions, including those involving the IRC section 179 deduction and IRC section 168(k) bonus depreciation. Please contact us with any questions.
**URL:** https://www.legislature.ohio.gov/legislation/136/hb14/status

— Courtney Clark (Columbus)
Partner
Deloitte Tax LLP
courtneyclark@deloitte.com

Norm Lobins (Cleveland)
Managing Director
Deloitte Tax LLP
nlobins@deloitte.com

Matt Culp (Columbus)
Senior Manager
Deloitte Tax LLP
mculp@deloitte.com

Paige Purcell (Columbus)
Senior Manager
Deloitte Tax LLP
pfitzwater@deloitte.com

---

## Gross Receipts:
## Washington: Some Content Delivery Network Services Deemed Taxable and Sourced Based on Location of End-Users

*Docket No. 20-129*, Wash. Bd. of Tax App. (1/8/25). In a case involving a taxpayer providing content delivery network (CDN) services, the Washington Board of Tax Appeals (Board) held that its gross receipts from providing some services for the 2011 through 2015 tax periods at issue constitute "digital automated services"

subject to retailing Washington business and occupation (B&O) tax and Washington retail sales taxes, and that the Washington Department of Revenue reasonably relied on the provider's "traffic reports" in sourcing the taxable sales to Washington based on the location where the digital content was retrieved by end-users. In doing so, the Board explained that the taxpayer failed to show that the location of its taxable sales under any of the steps set out in Washington's sourcing statute alternatively applied. Accordingly, even if the taxpayer was "correct that the location of the server where content is retrieved cannot be used to source its sales," it failed to establish the correct amount of tax it owed under the "purchaser's address" or "address from which the service was provided" steps within Rev. Code of Wash. section 82.32.730(1)(c) – (1)(e). The Board explained that the provider's core CDN service, which enables customers to upload their digital content to its CDN and make it accessible via the internet, qualified as a "web hosting" service excluded from the definition of taxable digital automated service under Rev. Code of Wash. section 82.04.172(3)(B)(xiv). However, the amounts the provider charged for services that enabled customers to modify or enhance their digital content were *not* excluded from taxation. Please contact us with any questions.
**URL:** https://apps.bta.wa.gov/Decision%20PDF/Formal%20Dockets/20-129.pdf

— Robert Wood (Seattle)
Principal
Deloitte Tax LLP
robwood@deloitte.com

Angela Deamico (Seattle)
Senior Manager
Deloitte Tax LLP
adeamico@deloitte.com

---

## Sales/Use/Indirect:
## California: Emergency Rule Addresses New Requirements for Localities to Disclose Information on Sales Tax Sharing Agreements Made with Retailers

*Emergency Regulation 1808, Tax Revenue Sharing Agreement Reporting and Publication*, Cal. Dept. of Tax & Fee Admin. (3/5/25). The California Department of Tax and Fee Administration (CDTFA) adopted an emergency regulation addressing the new local tax revenue sharing agreement reporting and publication requirements under legislation enacted in 2024 [see A.B. 2854 (2024), signed by. gov. 9/28/24, and *State Tax Matters*, Issue 2024-40, for more details on this 2024 legislation] that requires California cities and counties to annually provide specified information to the CDTFA relating to certain sales and use tax rebate agreements made with retailers, or else face possible penalties. A recently released CDTFA notice [see "Special Notice L-970: New Reporting and Publication Requirements for Local Agencies Regarding Tax Revenue Sharing Agreements"] addresses the same. Please contact us with any questions.
**URL:** https://www.cdtfa.ca.gov/taxes-and-fees/Reg1808-Emergency.htm
**URL:** https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240AB2854
**URL:** https://dhub.deloitte.com/Newsletters/Tax/2024/STM/241004_7.html
**URL:** https://www.cdtfa.ca.gov/formspubs/L970.pdf

— Galina Philipovitch (San Jose)
Managing Director
Deloitte Tax LLP
gphilipovitch@deloitte.com

Brian Wiggins (Sacramento)
Specialist Executive
Deloitte Tax LLP
bwiggins@deloitte.com

Karri Rozario (Sacramento)
Senior Manager
Deloitte Tax LLP
krozario@deloitte.com

---

## Sales/Use/Indirect:
## Washington BTA Says Internet Radio Service Provider Qualifies for Radio Broadcaster Sales Tax Exemption

*Docket No. 22-013*, Wash. Bd. of Tax App. (1/3/25). Granting summary judgment for an internet radio service provider, the Washington Board of Tax Appeals (Board) held that the provider's subscription internet radio service was eligible for Washington's retail sales tax exemption for sales of audio programming by a radio broadcaster under Rev. Code of Wash. section 82.08.0208(5) and WAC 458-20-15503(509) even though the internet service gave the buyer access to some on-demand programming along with the live-streamed programming. Based on the undisputed facts, the Board found that during the 2014 through 2017 tax periods at issue, the provider's internet radio service was a "regular" programming service that provided its subscribers limited access to some on-demand content at no additional charge. Under these facts, the Board concluded that the provider's subscription internet streaming service was exempt from Washington retail sales tax because the amount it charged its internet radio subscribers was not a "specific charge" for providing access to "a library of programs at any time" within the meaning of Rev. Code of Wash. section 82.08.0208(5)(b) and WAC 458-20-15503(509). Please contact us with any questions.
**URL:** https://apps.bta.wa.gov/Decision%20PDF/Formal%20Dockets/22-013.pdf

— Robert Wood (Seattle)
Principal
Deloitte Tax LLP
robwood@deloitte.com

Angela Deamico (Seattle)
Senior Manager
Deloitte Tax LLP
adeamico@deloitte.com

---

## Sales/Use/Indirect:
## Wyoming: New Law Extends Sunset Date of Manufacturing Exemptions to December 31, 2042

*H.B. 11*, signed by gov. 3/3/25. New law extends the sunset date for Wyoming's manufacturing sales tax and use tax exemptions – providing that such exemptions are available until December 31, 2042, rather than December 31, 2027. The legislation also repeals some provisions under Wyoming's manufacturing use tax exemption to align it with Wyoming's manufacturing sales tax exemption. The legislation is effective July 1, 2025. Please contact us with any questions.
**URL:** https://www.wyoleg.gov/Legislation/2025/HB0011

— Jeff Maxwell (Denver)
Senior Manager
Deloitte Tax LLP
jemaxwell@deloitte.com

Metisse Lutz (Denver)
Senior Manager
Deloitte Tax LLP
mlutz@deloitte.com

---

## Multistate Tax Alerts

Throughout the week, we highlight selected developments involving state tax legislative, judicial, and administrative matters. The alerts provide a brief summary of specific multistate developments relevant to taxpayers, tax professionals, and other interested persons. Read the recent alerts below or visit the archive.
**Archive:** https://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-archive.html?id=us:2em:3na:stm:awa:tax

*No new alerts were issued this period. Be sure to refer to the archives to ensure that you are up to date on the most recent releases.*