State Tax Matters
The power of knowing.
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In this issue:

Amnesty:
Illinois: New Law Requires Amnesty Program that Provides Potential 100% Interest and Penalty Waiver

H.B. 2755 (Public Act 104-0006), signed by gov. 6/16/25. New law requires the Illinois Department of Revenue (Department) to establish a tax amnesty program that will run from October 1, 2025, through November 15, 2025, and which will apply to most taxes (*e.g.*, state corporate and personal income taxes, and sales and use taxes) owed to the Department for tax periods beginning after June 30, 2018, and ending prior to July 1, 2024. In exchange for participating in this program, qualifying tax amnesty applicants potentially may receive a waiver of all related penalties and interest. Please contact us with any questions.

URL:
https://www.ilga.gov/legislation/BillStatus.asp?DocNum=2755&GAID=18&DocTypeID=HB&LegId=160791&SessionID=114&GA=104

— Brian Walsh (Chicago)
Managing Director
Deloitte Tax LLP
briawalsh@deloitte.com

Mary Pat Kohberger (Chicago)
Managing Director
Deloitte Tax LLP
mkohberger@deloitte.com

Robyn Staros (Chicago)
Managing Director
Deloitte Tax LLP
rstaros@deloitte.com

Chase Christopherson (Chicago)
Senior Manager
Deloitte Tax LLP
cchristopherson@deloitte.com

Alice Fan (Chicago)
Manager
Deloitte Tax LLP
alicfan@deloitte.com

Income/Franchise:
Illinois: Budget Bill Includes Finnigan Apportionment, Removal of Some Intercompany Expense Addback Exceptions, §163(j) Changes, and Partial GILTI Taxation

H.B. 2755 (Public Act 104-0006), signed by gov. 6/16/25. Recently enacted budget legislation includes many significant Illinois tax law changes, including provisions that:
URL:
https://www.ilga.gov/legislation/BillStatus.asp?DocNum=2755&GAID=18&DocTypeID=HB&LegId=160791&SessionID=114&GA=104

1. Establish several tax amnesty programs involving different Illinois taxes, fees and circumstances;
2. Shift from the "Joyce" to "Finnigan" method for Illinois combined reporting apportionment purposes;
3. Remove certain exceptions under Illinois's intercompany interest and intangible expense "addback" statute;
4. Partially incorporate global intangible low-taxed income (GILTI) under Internal Revenue Code (IRC) section 951A in the Illinois tax base;
5. Establish new rules for taxpayers subject to the federal interest deduction limitation under IRC section 163(j); and
6. Modify the sourcing rules for gains from the sale of certain pass-through entity interests.

See recently issued Multistate Tax Alert for more details on these and several other tax-related provisions in the legislation, and please contact us with any questions.

— Brian Walsh (Chicago)
Managing Director
Deloitte Tax LLP
briawalsh@deloitte.com

Chase Christopherson (Chicago)
Senior Manager
Deloitte Tax LLP
cchristopherson@deloitte.com

Alice Fan (Chicago)
Manager
Deloitte Tax LLP
alicfan@deloitte.com

Income/Franchise:
Massachusetts: Release Summarizes 2024 Legislation that Revised Apportionment Provisions for Companies Without a Sales Factor

Technical Information Release (TIR) No. 25-5: Tax Provisions in Certain Massachusetts Legislation Enacted in 2024, Mass. Dept. of Rev. (6/5/25). The Massachusetts Department of Revenue posted a technical information release ("TIR 25-5") that summarizes tax provisions in certain Massachusetts legislation enacted in 2024 – including revisions to Mass. Gen. Laws. c. 63, § 38(g) related to Massachusetts' move to single sales factor apportionment for business corporations for tax years beginning on or after January 1, 2025, which removed older language pertaining to a missing factor(s) and provided newer language that uses a taxpayer's property and payroll when "the sales factor is inapplicable" [see H.B. 5077 (2024), and *State Tax Matters*, Issue 2025-1, for more details on this 2024 legislation]. According to TIR 25-5, pursuant to this 2024 legislation, certain corporations (*i.e.*, business corporations other than financial institutions) may be required to base their apportionment on the percentage of their property and payroll in Massachusetts for tax years when those corporations' sales factors are inapplicable. Specifically, TIR 25-5 explains that the sales factor of such a corporation is inapplicable if:
URL: https://www.mass.gov/technical-information-release/tir-25-5-tax-provisions-in-certain-massachusetts-legislation-enacted-in-2024
URL: https://malegislature.gov/Bills/193/H5077
URL: https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250110_7.html

- Both its numerator and denominator are zero;
- The denominator is less than 10% of one third of the taxable net income; or
- It is otherwise determined by the Massachusetts Commissioner of Revenue to be insignificant in producing income.

TIR 25-5 also clarifies that this 2024 legislation “does not affect the computation of the receipts factor for purposes of determining the apportionment percentage for financial institutions.”

TIR 25-5 addresses a number of other tax provisions including, but not limited to, those in “An Act Relative to Strengthening Massachusetts’ Economic Leadership;” “An Act Promoting a Clean Energy Grid, Advancing Equity and Protecting Ratepayers;” and “An Act Making Appropriations for the Fiscal Year 2024 to Provide for Supplementing Certain Existing Appropriations and for Certain other Activities and Projects” that pertain to credits available to taxpayers subject to the income tax, G.L. c. 62, and the corporate excise tax, G.L. c. 63, as well as corporate excise apportionment rules provided by G.L. c. 63, § 38, and exemptions from the sales and use tax, G.L. c. 64H and G.L. c. 64I. Please contact us with any questions.

— Alexis Morrison-Howe (Boston)
Principal
Deloitte Tax LLP
alhowe@deloitte.com

Ian Gilbert (Boston)
Senior Manager
Deloitte Tax LLP
iagilbert@deloitte.com

Tyler Greaves (Boston)
Senior Manager
Deloitte Tax LLP
tgreaves@deloitte.com

Income/Franchise:
Minnesota: New Law Makes Research Activities Credit Partially Refundable for Electing Taxpayers

H.F. 9, signed by gov. 6/14/25. Recently enacted Minnesota omnibus tax legislation includes provisions that, for eligible electing taxpayers, make Minnesota’s corporate income/franchise tax credit for increasing research activities (“R&D credit”) partially refundable for qualifying expenses incurred in taxable years beginning after December 31, 2024, after the R&D credit amounts are appropriately allocated to other members of the unitary group when applicable. The legislation establishes the refundability rate for the partially refundable R&D credit at 19.2% of the excess of tax liability for taxable years beginning after December 31, 2024, and before January 1, 2026; and 25% of the excess of tax liability for taxable years beginning after December 31, 2025, and before January 1, 2028. For taxable years beginning after December 31, 2027, the legislation provides that the R&D credit is refundable based on the lesser of i) 25% of the excess of tax liability, or ii) the percentage at which the dollar amount of refunds is approximately $25 million. Please contact us with any questions.
URL: https://www.revisor.mn.gov/bills/bill.php?b=House&f=HF0009&ssn=1&y=2025

— Ray Goertz (Minneapolis)
Managing Director
Deloitte Tax LLP
rgoertz@deloitte.com

Robart Waldow (Minneapolis)
Principal
Deloitte Tax LLP
rwaldow@deloitte.com

Mark Sanders (Minneapolis)
Senior Manager
Deloitte Tax LLP
msanders@deloitte.com

Sara Clear (Minneapolis)
Senior Manager
Deloitte Tax LLP
sclear@deloitte.com

Income/Franchise:
Nebraska: New Law Revises Procedures for Making PTET Election and Claiming Partner and Shareholder Credits

L.B. 647, signed by gov. 6/4/25. Recently enacted legislation amends the procedure for qualifying pass-through entities to make an election to pay Nebraska's pass-through entity tax (PTET) so that for tax years beginning on or after January 1, 2023, such election may be made on the applicable income tax return on or before the due date for filing the applicable income tax return, including any extensions that have been granted. The legislation also provides that for PTET returns filed for taxable years beginning on or after January 1, 2022, the PTET credit for partners and shareholders is allowed for the same taxable year for which the election is made, without regard to the year in which the tax is paid to Nebraska or deducted on a federal income tax return. Please contact us with any questions.
URL: https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=59695&docnum=LB647&leg=109

— Sarah Murray (Houston)
Principal
Deloitte Tax LLP
sarmurray@deloitte.com

Robart Waldow (Minneapolis)
Principal
Deloitte Tax LLP
rwaldow@deloitte.com

Natalie Rogozinsky (Chicago)
Senior Manager
Deloitte Tax LLP
nrogozinsky@deloitte.com

Olivia Chatani (Washington, DC)
Senior Manager
Deloitte Tax LLP
ochatani@deloitte.com

Income/Franchise:
New Jersey Division of Taxation Adopts New and Amended Rules Reflecting Significant CBT Law Changes from 2023

Amended N.J.A.C. 18:7-1.6, 1.8, 1.9, 1.13, 1.15, 1.18, 1.19, 1.25, 2.11, 3.4, 3.6, 3.8, 3.10, 3.12, 3.13, 3.15, 3.23A, 3.26, 3.27, 5.1, 5.2, 5.3, 5.6, 5.7, 5.8, 5.14, 5.16, 5.18 through 5.22, 7.3, 7.6, 8.1, 8.4, 8.5, 8.7, 8.9, 8.10A, 8.11, 8,12, 11.5, 11.6, 11.7, 11.12, 11.13, 11.16, 11.17A, 12.1, 13.1, 13.8, 13.11, 14.2, 17.5, 17.8, 19.2, 21.1, 21.3 through 21.8, 21.10, 21.11, 21.13, 21.15 through 21.21, and 21.27; Repeal of and New N.J.A.C. 18:7-3.17; Repeal of N.J.A.C. 18:7-3.14, 5.17, 7.1, 7.2, 7.5, 18, 20.1, 20.2, and 20.3; New N.J.A.C. 18:7-1.9A and 20.4, N.J. Div. of Tax. (eff. 6/16/25). The New Jersey Division of Taxation (Division) adopted several new and amended rules reflecting legislation enacted in 2023 that made significant changes to New Jersey's corporation business tax (CBT) regime for tax years ending on or after July 31, 2023 [see A.B. 5323 (2023) and previously issued Multistate Tax Alert for more details on these 2023 law changes]. Included in the adoption are rules reflecting CBT law changes that revised New Jersey's nexus standard; increased New Jersey's net global intangible low-taxed income (GILTI) deduction to a net 95% by treating GILTI as a dividend; amended New Jersey's combined reporting provisions, including adoption of a "Finnigan" sourcing methodology; provided a limited exception for decoupling from Internal Revenue Code section 174; updated the dividends received deduction (DRD) calculation; changed the net operating loss deduction; and changed the New Jersey CBT return due date.
URL: https://www.nj.gov/treasury/proposed_rules/R2025d07657NJR1303b.pdf
URL: https://www.njleg.state.nj.us/bill-search/2022/A5323
URL: https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-new-jersey-enacts-changes-to-corporation-tax-laws.pdf

The adopted revisions also include rules that incorporate certain parts of the Multistate Tax Commission's updated P.L. 86-272 guidelines, including those involving "internet activities," which the Division previously indicated would apply "prospectively, upon adoption" [see *State Tax Matters*, Issue 2025-7, for details on these new and amended CBT rules, as originally proposed earlier this year]. Responding to some submitted comments on these revisions since first proposed, the Division stated, "While P.L. 86-272 protects out-of-State companies from the tax based on income if their sole activities are solicitation activities for the sales of tangible personal property, it does not protect other types of activities, products, and services." The new and amended CBT rules took effect on June 16, 2025. Please contact us with any questions.
URL: https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250221_3.html

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

Kevin Friedhoff (Morristown)
Senior Manager
Deloitte Tax LLP
kfriedhoff@deloitte.com

Steve Martin (Morristown)
Senior Manager
Deloitte Tax LLP
stevenmartin@deloitte.com

Income/Franchise:
Pennsylvania: City of Philadelphia Ordinance Lowers Business Income and Receipts Tax Rates and Ends $100K Exclusion

Bill No. 250199, signed by mayor 6/13/25; *City of Philadelphia Approves $6.8 Billion 'One Philly 2.0' FY26 Budget*, City of Philadelphia, Pa., Office of the Mayor (6/12/25). A recently enacted City of Philadelphia, Pennsylvania (City) ordinance phases in lower tax rates on both the net income and gross receipts components of the City's business income and receipts tax (BIRT), such that the rates ultimately will drop to 0 mills (for the gross receipts portion) and 2.80% (for the net income portion) beginning for tax year 2038, for returns due and taxes owed in 2039 and thereafter. Additionally, the ordinance ends the BIRT exclusion on the first $100,000 in taxable receipts beginning for tax year 2025, for returns due and taxes owed in 2026 and thereafter. Please contact us with any questions.
URL: https://phila.legistar.com/LegislationDetail.aspx?ID=7261015&GUID=4B3AC72F-E4D3-4EFC-80F0-CE7BE2B4ED0B&Options=ID|Text|&Search=business+income
URL: https://www.phila.gov/2025-06-12-city-of-philadelphia-approves-6-8-billion-one-philly-2-0-fy26-budget/

— Kenn Stoops (Philadelphia)
Managing Director
Deloitte Tax LLP
kstoops@deloitte.com

Stacy Ip-Mo (Philadelphia)
Senior Manager
Deloitte Tax LLP
sipmo@deloitte.com

Income/Franchise:
Virginia: Legislative Summary Addresses Recent Law Changes that Pause Rolling Conformity with Internal Revenue Code

2025 Legislative Summary, Vir. Dept. of Tax. (6/10/25). The Virginia Department of Taxation (Department) posted a summary of recently enacted state tax law changes, including budget legislation revising Virginia law that generally updates state corporate and individual income tax statutory references to federal income tax law as it exists as soon as any federal tax law changes are enacted [see H.B. 1600, signed by gov. 5/2/25, and *State Tax Matters*, Issue 2025-19, for more details on this budget legislation]. Specifically, the Department explains that pursuant to this enacted budget legislation, Virginia will *not* automatically conform to any amendment to the Internal Revenue Code enacted on or after January 1, 2025, but before January 1, 2027, "with a projected revenue impact that would increase or decrease General Fund revenues by any amount in the fiscal year in which the amendment was enacted or any of the succeeding four fiscal years." However, the Department explains that Virginia will continue to "conform to any federal tax changes that the General Assembly subsequently adopts and to any federal tax extenders." Please contact us with any questions.
URL: https://www.tax.virginia.gov/sites/default/files/inline-files/2025-legislative-summary.pdf
URL: https://lis.virginia.gov/bill-details/20251/HB1600
URL: https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250516_4.html

— Joe Carr (McLean)
Managing Director
Deloitte Tax LLP
josecarr@deloitte.com

Jennifer Alban Paschall (McLean)
Partner
Deloitte Tax LLP
jalbanbond@deloitte.com

Gross Receipts:
Georgia Court of Appeals Affirms that Company Owes Atlanta Business Occupation Tax Based Only on Allocated Percentage of Gross Receipts

Case No. A25A0120, Ga. Ct. App. (6/17/25). The Georgia Court of Appeals (Court) affirmed that a company with several offices located nationwide, including one in Georgia within the City of Atlanta (City), owed the City's business occupation tax based only on an allocated percentage of its total Georgia gross receipts rather than the entire total – specifically, its total Georgia gross receipts must be divided by the total number of its offices nationwide contributing to those receipts, rather than just its one Georgia office, to compute its City business occupation tax liability pursuant to applicable state statutes and City ordinances. Under the facts in this case, it was undisputed that all of the company's offices nationwide had contributed to its Georgia gross receipts; and the Court reasoned that to read applicable state statutes to "exclude out-of-state locations, as the City advocates, would require us to read limiting language into the statute that the legislature did not provide." Accordingly, the Court granted summary judgment in the company's favor for partial refunds on the City's business occupation tax for the tax years at issue, as the City had incorrectly calculated the amount of taxes due. Please contact us with any questions.
URL: https://efast.gaappeals.us/download?filingId=51578ed7-6376-40c3-bb1e-0e25dbba4f35

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

Kathy Saxton (Atlanta)
Managing Director
Deloitte Tax LLP
katsaxton@deloitte.com

Gross Receipts:
Ohio Supreme Court Affirms that CAT Agency Exclusion Did Not Apply to Reimbursements from Management Fee Contracts

Case No. 2023-1540, Ohio (6/18/25). In a case involving a company providing managed services for its clients wherein it purchased food, supplies, and other items for them pursuant to certain management fee contracts, the Ohio Supreme Court (Court) affirmed [see Case No. 2019-2975, Ohio Bd. of Tax App. (11/6/23), and *State Tax Matters*, Issue 2023-45, for details on the 2023 Ohio Board of Tax Appeals ruling in this case] that 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 commercial activity tax (CAT) receipts under the "agency

exclusion." In doing so, the Court explained that the company could not claim the CAT's agency exclusion under the provided facts, because by keeping for itself reimbursements it received from its clients for the goods and services it purchased for those clients, the company did not hold reimbursements on behalf of or as representative of another and therefore was not acting as its clients' agent. A dissenting opinion follows. Please contact us with any questions.
URL: https://www.supremecourt.ohio.gov/rod/docs/pdf/0/2025/2025-Ohio-2114.pdf
URL: https://ohio-bta.modria.com/download?BID=1222820
URL: https://dhub.deloitte.com/Newsletters/Tax/2023/STM/231110_9.html

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

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

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

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

Gross Receipts:
Washington DOR to Launch Investment Income Voluntary Disclosure Program on July 1

Investment Income Voluntary Disclosure Program, Wash. Dept. of Rev. (6/25). The Washington Department of Revenue (Department) announced that beginning July 1, 2025, it will launch a temporary expanded Voluntary Disclosure Program for businesses with unreported investment income subject to Washington's business and occupation (B&O) tax, which potentially may allow "qualifying businesses to report that revenue without incurring penalties or interest." According to the Department, this "temporary relief" also applies to other income streams reportable on the Washington combined excise tax returns; however, "penalties will still apply to collected but unremitted retail sales tax." Moreover, this program is scheduled to span two distinct ten-month phases over the next two fiscal years (Phase 1 to run from July 1, 2025, through April 30, 2026; and Phase 2 to run from July 1, 2026, through April 30, 2027), "allowing for structured administration." The Department explains that the goal of this temporary program is to "encourage businesses to comply with Washington tax laws, pay prior tax obligations, and register (if necessary)." Please contact us with any questions.
URL: https://dor.wa.gov/open-business/apply-business-license/voluntary-disclosure-program/investment-income-voluntary-disclosure-program

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

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

Gross Receipts:
Washington DOR Posts Summary of 2025 B&O Tax, Sales and Use Tax, and Capital Gains Tax Law Changes

Summary of 2025 Legislation, Wash. Dept. of Rev. (6/25). Recently posted Washington Department of Revenue (Department) guidance, specifically from its Legislation & Policy and Research & Fiscal Analysis Divisions, provides summaries of tax legislation enacted in 2025, including new law that:
URL: https://dor.wa.gov/sites/default/files/2025-06/2025_Summary_of_Legislation.pdf

- Increases some Washington business and occupation (B&O) tax and surcharge rates, as well as creates a temporary B&O tax surcharge on certain large companies, and revises the B&O tax investment income deduction [see H.B. 2081, signed by gov. 5/20/25, and *State Tax Matters*, Issue 2025-20, for more details on these law changes];
URL: https://app.leg.wa.gov/BillSummary/?BillNumber=2081&Year=2025&Initiative=false
URL: https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250523_11.html
- Distinguishes payment card processors from other Washington B&O taxpayers and provides that certain payment card processors may deduct interchange fees, network fees, and other such fees from their gross receipts tax base, as well as increases their applicable B&O tax rate [see H.B. 2020, signed by gov. 5/20/25, and *State Tax Matters*, Issue 2025-20, for more details on these law changes];
URL: https://app.leg.wa.gov/BillSummary/?BillNumber=2020&Year=2025&Initiative=false
URL: https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250523_12.html
- Expands Washington's sales and use tax base by taxing additional services such as advertising services, as well as information technology training services, technical support, and other services including but not limited to network operations and support assistance, help desk services, in-person software and hardware training, and custom website development services [see S.B. 5814, signed by gov. 5/20/25, and previously issued Multistate Tax Alert for more details on this new law]; and
URL: https://app.leg.wa.gov/BillSummary/?BillNumber=5814&Year=2025&Initiative=false
URL: https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/multistate-tax-alert-washington-expands-sales-and-use-tax-to-select-services.pdf
- Revises various provisions under Washington's tax on long-term capital gains earned by some individuals from the sale or exchange of certain capital assets – including adding a top tier rate of 9.9% for Washington capital gains greater than $1 million beginning with tax year 2025 [see S.B. 5314, signed by gov. 5/20/25; S.B. 5813, signed by gov. 5/20/25; and *State Tax Matters*, Issue 2025-20, for more details on these law changes].
URL: https://app.leg.wa.gov/billsummary/?BillNumber=5314&Chamber=Senate&Year=2025

URL: https://app.leg.wa.gov/billsummary/?BillNumber=5813&Chamber=Senate&Year=2025
URL: https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250523_10.html

Please contact us with any questions.

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

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

Sales/Use/Indirect:
Illinois: Budget Bill Includes Remote Retailer Amnesty Program and Eliminates 200-Transaction Threshold from Economic Nexus Statute

H.B. 2755 (Public Act 104-0006), signed by gov. 6/16/25. Recently enacted budget legislation includes many significant Illinois tax law changes, including provisions that establish an amnesty program for certain unpaid Illinois state and local retailers' occupation tax (ROT) imposed on the sale of tangible personal property sold to an Illinois customer by a remote retailer during the period January 1, 2021 through June 30, 2026, which will run from August 1, 2026 through October 31, 2026. The legislation also repeals Illinois' 200 transaction-based "Wayfair" economic nexus annual threshold for purposes of requiring remote sellers and marketplace facilitators to collect and remit Illinois ROT and use tax, and it leaves intact the $100,000 cumulative gross receipts from sales of tangible personal property annual threshold.
URL:
https://www.ilga.gov/legislation/BillStatus.asp?DocNum=2755&GAID=18&DocTypeID=HB&LegId=160791&SessionID=114&GA=104

See recently issued Multistate Tax Alert for more details on these and several other tax-related provisions in the legislation, and please contact us with any questions.

— Mary Pat Kohberger (Chicago)
Managing Director
Deloitte Tax LLP
mkohberger@deloitte.com

Robyn Staros (Chicago)
Managing Director
Deloitte Tax LLP
rstaros@deloitte.com

Sales/Use/Indirect:
Louisiana: Newly Enacted Exemptions, Exclusions, Credits, and Rebates Must Apply to Both State and Local Taxes

H.B. 654, signed by gov. 6/8/25. Beginning January 1, 2026, recently signed legislation mandates that all new sales and use tax exemptions, exclusions, credits, and rebates enacted by the Louisiana Legislature apply to both Louisiana state and local sales and use taxes. Specifically, the legislation provides that "no new sales and use tax exemption, exclusion, credit, or rebate shall be enacted by the Legislature unless the exemption, exclusion, credit, or rebate is applicable to sales and use taxes levied by all taxing authorities." Please contact us with any questions.
URL: https://legis.la.gov/legis/BillInfo.aspx?s=25RS&b=HB654&sbi=y

— Danny Fuentes (Houston)
Senior Manager
Deloitte Tax LLP
dafuentes@deloitte.com

Kristina Scoggins (Dallas)
Manager
Deloitte Tax LLP
krscoggins@deloitte.com

Sales/Use/Indirect:
Maryland Comptroller Posts Guidance on New Law Imposing 3% Sales Tax on Certain Information Technology and Data Services

Technical Bulletin No. 56: Sales and Use Tax on Data or Information Technology Services and Software Publishing Services: Questions and Answers, Md. Comptroller (6/10/25); *Maryland Comptroller Releases Additional Guidance Regarding 2025 Tax Code Changes*, Md. Comptroller (6/11/25); *Maryland Tax Alert: Sales and Use Tax Updates 2025 – 2026*, Md. Comptroller (eff. 5/22/25). Pursuant to recently enacted legislation imposing a new 3% sales tax on certain information technology 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) posted related guidance in question-and-answer format on the application and administration of the new taxable services. In it, the Comptroller explains how the new taxable services include certain data services, information technology services, system software publishing services, and application software publishing services. Among several other topics, the guidance explains how there is no exemption for taxable sales made to affiliated company members.
URL: https://www.marylandcomptroller.gov/content/dam/mdcomp/tax/legal-publications/technical-bulletins/tb-56.pdf
URL: https://www.marylandcomptroller.gov/content/dam/mdcomp/md/media/2025/06-11-2025-comptroller-releases-additional-guidance-regarding-2025-tax-code-changes.pdf
URL:
https://cst.informz.net/z/cjUucD9taT0xMjAxNDcyOCZwPTEmdT0xMDAyMzYyMzM1JmxpPTExNjQwNTA0Mg/index.html
URL: https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/HB0352?ys=2025RS
URL: https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/multistate-tax-alert-maryland-enacts-sales-tax-on-information-technology-and-data-services.pdf

The Comptroller also announced that it has submitted related sales and use tax emergency regulations for final review by the Maryland Office of the Attorney General and the Joint Committee on Administrative, Executive, and Legislative Review, "which are expected to take effect July 1, 2025, and will be published in the Maryland Register on July 11, 2025." Please contact us with any questions.
URL: https://www.marylandcomptroller.gov/content/dam/mdcomp/tax/legal-publications/notices-and-regulations/notice-proposed-emergency-regulations-sales-use-tax.pdf

— Joe Carr (McLean)
Managing Director
Deloitte Tax LLP
josecarr@deloitte.com

Ryan Trent (Charlotte)
Managing Director
Deloitte Tax LLP
rtrent@deloitte.com

Michael Spencer (Washington, DC)
Senior Manager
Deloitte Tax LLP
mispencer@deloitte.com

Sales/Use/Indirect:
Minnesota: New Law Mandates Accelerated Payments for Some Vendors and Includes 10% Late Payment Penalty

H.F. 9, signed by gov. 6/14/25. Recently enacted Minnesota omnibus tax legislation includes provisions that require certain vendors with $250,000 or more of annual Minnesota sales tax liability to remit 5.6% of their June liability two business days before June 30, with the remaining amount due on August 20, effective for taxes remitted after May 31, 2027. The legislation includes a potential late payment penalty for impacted taxpayers that do not make this early June payment, which may equal 10% of the difference between the June liability and the amount actually paid. Please contact us with any questions.
URL: https://www.revisor.mn.gov/bills/bill.php?b=House&f=HF0009&ssn=1&y=2025

— Ray Goertz (Minneapolis)
Managing Director
Deloitte Tax LLP
rgoertz@deloitte.com

Dave Dunnigan (Minneapolis)
Senior Manager
Deloitte Tax LLP
ddunnigan@deloitte.com

Sales/Use/Indirect:
Texas: Updated Memo Explains Implications of Case that Exempted Equipment Used to Excavate TPP from Realty

Letter No. 202506001M, Tex. Comptroller of Public Accounts (6/13/25). Referencing a 2021 Texas Court of Appeals holding that a taxpayer who extracted and processed coal for ultimate sale was entitled to Texas' sales and use tax manufacturing exemption on purchased excavating equipment under the provided facts [see Case No. 03-20-00406-CV, Tex. Ct. App. (10/7/21) and *State Tax Matters*, Issue 2022-41, for more details on the ruling], an updated Texas Comptroller of Public Accounts memorandum [see *State Tax Matters*, Issue 2025-20, for details on the original version of this memo] explains that an implication of this ruling is that "processing" can be performed on real property. As a result, according to the memo, "activities that were previously considered to be in preparation of production may now be considered processing allowing exemptions on previously taxed equipment." To meet the exemption requirements, the memo explains that the item (*e.g.*, equipment) must directly make or cause a chemical or physical change to the product (*e.g.*, materials) being produced, and the product must be tangible personal property held for ultimate sale.
URL: https://star.comptroller.texas.gov/view/202506001M?q1=202506001M
URL: https://search.txcourts.gov/SearchMedia.aspx?MediaVersionID=4fa26762-594f-4908-a7b2-438019c76eaf&coa=coa03&DT=Opinion&MediaID=2468133a-0027-427b-a316-2e8ad91012c4
URL: https://dhub.deloitte.com/Newsletters/Tax/2021/STM/211015_3.html
URL: https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250523_16.html

The guidance also states that the taxability determinations in this updated memo will be applied prospectively beginning October 1, 2025 (previously, July 1, 2025). Moreover, previously nontaxable materials may be treated as taxable, processed materials after October 1, 2025 (previously, July 1, 2025), "because they were extracted from the earth and/or washed, dried, or separated in a manner that caused a chemical or physical change." Please contact us with any questions.

— Chris Blackwell (Austin)
Senior Manager
Deloitte Tax LLP
cblackwell@deloitte.com

Robin Robinson (Austin)
Senior Manager
Deloitte Tax LLP
rorobinson@deloitte.com

Sales/Use/Indirect:
Washington: Administrative Guidance Addresses Taxability of Live Presentations for Schools and Higher Education Institutions

Interim Statement regarding live presentations for schools and institutions of higher education, Wash. Dept. of Rev. (6/9/25). Recently posted Washington Department of Revenue (Department) guidance responds to inquiries on how newly enacted legislation that makes certain live presentations a "retail sale" subject to Washington's retailing business and occupation (B&O) tax and retail sales tax [see S.B. 5814, signed by gov.

5/20/25, and previously issued Multistate Tax Alert for more details on this new law] may impact schools and institutions of higher education. In it, the Department generally concludes that charges made by public and private elementary or secondary schools for lectures, seminars, workshops, courses, or other programs are *not* retail sales; however, public and private elementary and secondary schools may owe Washington sales tax on live presentations they purchase from third parties. The Department also explains that institutions of higher education generally are *not* considered to be engaged in providing live presentations for educational programs encompassed within the institution's accreditation; as a result, charges made by these institutions for lectures, seminars, workshops, courses, or other programs generally are *not* taxable retail sales if encompassed within the institution's accreditation. However, these institutions of higher education may owe Washington sales tax on live presentations they purchase from third parties. Please contact us with any questions.
URL: https://dor.wa.gov/laws-rules/interim-statement-regarding-live-presentations-schools-and-institutions-higher-education
URL: https://app.leg.wa.gov/BillSummary/?BillNumber=5814&Year=2025&Initiative=false
URL: https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/multistate-tax-alert-washington-expands-sales-and-use-tax-to-select-services.pdf

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

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

Property:
Louisiana: New Law Increases *Ad valorem* Tax Exemption on Bank Stock

S.B. 82, signed by gov. 6/8/25. Effective on January 1, 2026, new law revises existing Louisiana law that authorizes certain banks to deduct 50% of the assessed value of real estate, improvement, buildings, furniture and fixtures that they own from the assessed value of their taxable bank stock for Louisiana *ad valorem* tax purposes by increasing this deduction from 50% to 100% of the assessed value of real estate, improvement, buildings, furniture and fixtures that they own. Please contact us with any questions.
URL: https://legis.la.gov/legis/BillInfo.aspx?s=25RS&b=SB82&sbi=y

— Marcia Shippey-Pryce (Atlanta)
Managing Director
Deloitte Tax LLP
mshippeypryce@deloitte.com

Donna Empson-Rudolph (Houston)
Senior Manager
Deloitte Tax LLP
dempsonrudolph@deloitte.com

Property:
Oklahoma: Transfer of Interest in Partnership that Holds Real Property Deemed a Transfer of Personal Property Rather than Realty

Case No. TR-122099, Okla. (6/17/25). In a case of first impression, the Oklahoma Supreme Court (Court) held that for limited partnerships owning real property, the transfer of partnership interests to new owners must *not*, as a matter of law, be treated as though title to the real property was "transferred, changed or conveyed to another person" as required under the Oklahoma Constitution before the 5% cap on annual increased valuation of *ad valorem* taxability of property may be lifted. According to the Court's unpublished opinion, the facts in this case showed that the sale and transfer of the partnership interests merely constituted the transfer of personal property rather than title to realty. Please contact us with any questions.
URL: https://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=548589

— Marcia Shippey-Pryce (Atlanta)
Managing Director
Deloitte Tax LLP
mshippeypryce@deloitte.com

Joe Gurney (Chicago)
Managing Director
Deloitte Tax LLP
jogurney@deloitte.com

Donna Empson-Rudolph (Houston)
Senior Manager
Deloitte Tax LLP
dempsonrudolph@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

Illinois fiscal year 2026 budget tax highlights
On June 16, 2025, Illinois House Bill 2755 (Public Act 104-0006) (the "Budget Act") was enacted into law. The Budget Act's tax related provisions include, among other things, the establishment of several tax amnesty programs; a shift from the Joyce to the Finnigan method for combined apportionment; the removal of certain exemptions under the intercompany interest and intangible expense addback rules; the partial inclusion of Global Intangible Low-Taxed Income in the Illinois tax base; modification to the sourcing rules for gains from the sale of passthrough entity interests; changes to the sports wagering tax; changes to the sales and use tax

nexus requirements for remote sellers and marketplace facilitators; and several developments related to credits and incentives.
URL: https://www.ilga.gov/legislation/104/HB/PDF/10400HB2755sam002.pdf

This Multistate Tax Alert summarizes certain provisions included in the Budget Act.
[Issued June 17, 2025]
URL: https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250620_a1.pdf

New York fiscal year 2026 budget bill highlights
On May 9, 2025, New York's FY 2026 Budget A3009C/S3009C (the "Budget Bill") was enacted into law, extending the top personal income tax rates through 2032 and increasing the top Metropolitan Commuter Transportation Mobility Tax payroll tax rate, among other provisions. The Budget Bill omits personal income tax rate increases that were proposed by the New York State Legislature and the proposal to extend the New York State and New York City pass through entity tax election deadline to September 15th of the applicable tax year.
URL: https://nyassembly.gov/leg/?bn=a3009c

This Multistate Tax Alert summarizes certain provisions enacted in the Budget Bill, including notable changes to credit programs. Please refer to Multistate Tax Alert (May 16, 2025) for additional details related to newly enacted New York State and New York City reporting and payment requirements for federal partnership audit adjustments.
URL: https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/multistate-tax-alert-new-york-enacts-provisions-for-reporting-federal-partnership-adjustments.pdf
[Issued June 16, 2025]
URL: https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250620_a2.pdf