



State Tax Matters

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In this issue:

Article

When Destination Becomes Distortion: Rethinking Tangible Personal Property Sales Sourcing..... 3

Multistate Tax Alert

New Mexico Enacts Legislation Addressing Conformity to Internal Revenue Code 3

Income/Franchise

Georgia – New Law Updates State Conformity to Internal Revenue Code and Decouples from IRC §174A..... 4

Idaho – New Law Addresses State Treatment of Federal RARs & Partnership Audit Regime 4

Louisiana – Updated Rule Reflects “Mobile Workforce” Law Imposing 30-Day Threshold for Nonresident Withholding 5

Utah – New Law Lowers Corporate and Personal Income Tax Rates to 4.45% and Extends PTET Election..... 5

Sales/Use/Indirect

Colorado – DOR Addresses Terminated Penny Production and Resulting Rounding Implications 6

Georgia – State High Court Vacates and Remands Decision that Online Platform Was Responsible for Collecting Tax on Underlying Transportation Services for Pre-*Wayfair* Periods 6

Tennessee – New Law Addresses Penny Shortage and Required Rounding in Cash Transactions..... 7

Utah – New Law Says Digital Products are Taxable Whether Streamed or Downloaded..... 7

Utah – New Law Imposes 2% Excise Tax on Some Entities for Providing Access to Digital Products & Services..... 8

Washington – New Law Addresses Penny Shortage and Required Rounding in Cash Transactions..... 8

Property

Texas – Crude Oil Inventories Once Again Deemed Exempt under U.S. Constitution’s Import-Export Clause 9



State Tax Matters

The power of knowing

Unclaimed Property

Utah – New Law Addresses Abandoned Digital Assets Like Virtual Currency and Possible Required Liquidation 9

Miscellaneous

Utah – New Law Imposes Annual Gross Receipts Tax on Certain Entities Delivering Targeted Advertising..... 10

Article

When Destination Becomes Distortion: Rethinking Tangible Personal Property Sales Sourcing

In this installment of Inside Deloitte, Joe Garrett, Amber Rutherford, Gabrielle Domangue, and Meriellyn Rose of Deloitte Tax LLP examine sourcing rules for sales of tangible personal property at a time when single sales factor is the dominant state income tax apportionment method.

[URL: *us-tax-when-destination-becomes-distortion-rethinking-tangible-personal-property.pdf*](#)

Multistate Tax Alert

New Mexico Enacts Legislation Addressing Conformity to Internal Revenue Code

On March 11, 2026, New Mexico [Senate Bill 151](#) (S.B. 151) was enacted into law. Among other changes, S.B. 151 modifies New Mexico's conformity to certain federal corporate income tax provisions, including Internal Revenue Code (IRC) sections 168(k) and 168(n) relating to bonus depreciation and the deduction for qualified production property, and IRC section 163(j), relating to the business interest expense limitation. In addition, S.B. 151 incorporates certain federally included controlled foreign corporation ("CFC") income into the New Mexico corporate income tax base and provides related apportionment rules. The provisions apply to taxable years beginning on or after January 1, 2027.

On March 4, 2026, [House Bill 291](#) (H.B. 291) was also enacted into law, making a series of technical and administrative changes across New Mexico's tax statutes, including changes affecting tax administration, credits, penalties, and procedures.

This Multistate Tax Alert summarizes some of the relevant provisions of S.B. 151 and H.B. 291.

[URL: *us-tax-multistate-tax-alert-new-mexico-enacts-legislation-addressing-conformity-to-internal-revenue-code.pdf*](#)

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Income/Franchise

Georgia – New Law Updates State Conformity to Internal Revenue Code and Decouples from IRC §174A

H.B. 1199, signed by gov. 3/20/26. Effective immediately, and applicable for taxable years beginning on or after January 1, 2025, new law generally updates Georgia's corporate and individual income tax conformity to the Internal Revenue Code (IRC) of 1986 provided for in federal law enacted on or before January 1, 2026 (previously, January 1, 2025). For taxable years beginning on or after January 1, 2025, provisions of the IRC of 1986, as amended, which were as of January 1, 2026, enacted into law but not yet effective "shall become effective for purposes of Georgia taxation on the same dates upon which they become effective for federal tax purposes."

Note that Georgia law continues to decouple from various delineated provisions of the IRC – including bonus depreciation under IRC section 168(k), the federal Tax Cuts and Jobs Act of 2017's (TCJA) business interest expense limitation under IRC section 163(j), and the TCJA version of IRC section 174 – as well as continues to apply state specific limitations and modifications to IRC section 179 expensing. Additionally, the recently signed legislation decouples from several other provisions enacted under the federal One Big Beautiful Bill Act (commonly referenced as "OBGBA" and more formally as P.L. 119 21), including the immediate expensing of domestic research and experimental (R&D) expenditures under IRC §174A. Please contact us with any questions.

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Idaho – New Law Addresses State Treatment of Federal RARs & Partnership Audit Regime

H.B. 733, signed by gov. 3/20/26. New law addresses how and when some partnerships must report federal tax adjustments to the Idaho State Tax Commission and reflects changes in the federal partnership audit and adjustment process under the federal 2015 Bipartisan Budget Act (BBA). The legislation provides updated procedures, processes, and deadlines for reporting certain partnership-level adjustments that result from federal tax changes under the BBA, as well as for paying any associated taxes due, at the partnership level. Please contact us with any questions.

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Louisiana – Updated Rule Reflects “Mobile Workforce” Law Imposing 30-Day Threshold for Nonresident Withholding

Reg. section 61:l.1923, La. Dept. of Rev. (3/20/26). A recently amended rule reflects legislation enacted in 2025 [see *H.B. 567 (2025)*, and *State Tax Matters, Issue 2025-25* for more details on this 2025 legislation] that adjusted Louisiana law exempting nonresident employees from a Louisiana income tax liability if they perform employment duties in Louisiana for 30 or fewer days (previously, 25 or fewer days) during the calendar year. Correspondingly, state law now exempts their employers from a state income tax withholding requirement for such employees pursuant to an increased “safe harbor” threshold of 30 days, rather than 25 days. Please contact us with any questions.

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Utah – New Law Lowers Corporate and Personal Income Tax Rates to 4.45% and Extends PTET Election

S.B. 60, signed by gov. 3/23/26. Effective May 6, 2026, and applicable retroactively for taxable years beginning on or after January 1, 2026, new law lowers Utah corporate and individual income tax rates from 4.50% to 4.45%. These newly enacted Utah income tax rate reductions follow previous Utah income tax rate reductions that were enacted in 2025 [see *H.B. 106 (2025)* and *State Tax Matters, Issue 2025-13*, for details on the 2025 legislation]; 2024 [see *S.B. 69 (2024)*, and *State Tax Matters, Issue 2024-12*, for details on the 2024 legislation]; and 2023 [see *H.B. 54 (2023)*, and *State Tax Matters, Issue 2023-12*, for details on the 2023 legislation].

H.B. 77, signed by gov. 3/23/26. Another signed bill indefinitely permits qualifying passthrough entities (PTEs) to make an annual election to pay an entity level state tax for taxable years beginning on or after January 1, 2022 (previously, this PTE tax election expired on December 31, 2025) [see *previously issued Multistate Tax Alert* for details on this PTE tax as first enacted in 2022]. Please contact us with any questions.

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Sales/Use/Indirect Colorado – DOR Addresses Terminated Penny Production and Resulting Rounding Implications

[Rounding Guidance for Retailers](#), Colo. Dept. of Rev. (3/26). Referencing the federal government’s decision to end production of the penny, the Colorado Department of Revenue (Department) posted preliminary guidance on the resulting Colorado retail sales tax implications – which also applies to Colorado’s retail delivery fees, retail marijuana sales tax, county lodging tax, local marketing district tax, prepaid wireless fees, daily vehicle rental fee, and congestion impact fee – for retailers that choose to round the amount collected on cash transactions. The guidance generally concludes that if retailers choose to apply rounding to the transaction total, including the purchase price, sales tax, and retail delivery fee (if applicable), “the Department will treat such rounding in the same manner as other fees, surcharges, and discounts related to the method of payment.” That is, such “rounding will not affect the purchase price, the calculation of the sales tax, or the amount of the retail delivery fee due from the purchaser or due to the state.” The Department also notes that “consistent with other charges,” the rounding adjustment must be shown as a separate charge.

Additionally, the Department “invites public input regarding the policies described in this guidance” to inform its drafting of potential forthcoming related rules. After evaluating the comments received, the Department will “determine whether to draft rules and what those rules should include.” The Department also states that if it moves forward with proposed rules, “additional comments will be accepted following a notice of proposed rulemaking.” Please contact us with any questions.

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Georgia – State High Court Vacates and Remands Decision that Online Platform Was Responsible for Collecting Tax on Underlying Transportation Services for Pre-Wayfair Periods

[Case No. S25C1408](#), Ga. (3/26/26). In a case involving a technology company facilitating certain transportation services for its customers through its online platform during the “pre-Wayfair” tax periods at issue, the Georgia Supreme Court granted the taxpayer’s petition for certiorari; vacated the Georgia Court of Appeals’ 2025 decision that the company was providing taxable transportation services [see [Case No. A25A0144](#), Ga. Ct. App. (5/1/25) and [State Tax Matters, Issue, 2025-18](#), for details on the 2025 decision]; and remanded the case back to the Georgia Court of Appeals for reconsideration in light of 2025 caselaw and whether the Georgia Department of Revenue had authority to adopt the regulation at issue. Please contact us with any questions.

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Tennessee – New Law Addresses Penny Shortage and Required Rounding in Cash Transactions

H.B. 1744, signed by gov. 3/18/26. Addressing the federal government’s decision to end production of the penny, recently enacted Tennessee legislation provides entities with precise rules for rounding to the nearest nickel in certain cash transactions. While the legislation provides a specific rounding method for purposes of completing certain cash transactions with customers, it nevertheless requires that these entities calculate their Tennessee sales tax to the penny and remit to the Tennessee Department of Revenue the exact amount of Tennessee sales tax shown on an invoice or receipt. Please contact us with any questions.

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Utah – New Law Says Digital Products are Taxable Whether Streamed or Downloaded

S.B. 162, signed by gov. 3/23/26. Effective July 1, 2026, recently signed legislation provides that Utah sales and use tax applies to amounts paid or charged for access to digital audio-visual works, digital audio works, digital books, or gaming services – including the *streaming* of or subscription for access to digital audio-visual works, digital audio works, digital books, or gaming services – *regardless of the delivery method* or whether the amount paid or charged for access provides a right to single-use access or access through a subscription. The legislation also clarifies that Utah sales and use tax applies to amounts paid or charged for the storage, use, or other consumption of prewritten computer software delivered electronically or by load and leave; as well as “seller-hosted prewritten computer software,” which is defined as prewritten computer software that is accessed through the internet or a seller-hosted server regardless of whether the access is permanent or any downloading occurs. Additionally, the legislation clarifies Utah’s sales and use tax exemption for amounts paid or charged for a transaction subject to tax under Utah’s “Multi-Channel Video or Audio Service Tax Act.” Please contact us with any questions.

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Utah – New Law Imposes 2% Excise Tax on Some Entities for Providing Access to Digital Products & Services

S.B. 73, signed by gov. 3/19/26. Effective October 1, 2026, recently signed legislation imposes a new 2% excise tax on certain “covered entities” providing “content harmful to minors” that is to be administered and collected by the Utah State Tax Commission based on referrals from the Utah Division of Consumer Protection. This 2% excise tax generally is imposed on amounts paid to or charged by a covered entity for access to digital images, digital audio-visual works, digital audio works, digital books, or gaming services – including the streaming of or subscription for access to digital images, digital audio-visual works, digital audio works, digital books, or gaming services. Please contact us with any questions.

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Washington – New Law Addresses Penny Shortage and Required Rounding in Cash Transactions

H.B. 2334, signed by gov. 3/23/26. Addressing the federal government’s decision to end production of the penny, recently enacted Washington legislation provides those persons selling goods or services with precise rules for rounding to the nearest five-cent increment in certain cash transactions. While the legislation provides a specific rounding method for purposes of completing certain in-person cash transactions, it nonetheless requires such persons to calculate and remit all Washington taxes and fees imposed by state (e.g., business and occupation (B&O) and sales and use taxes) or municipal taxing authorities based on the sales price *before* any such rounding.

Note that the Washington Department of Revenue previously released interim guidance addressing the penny shortage and related rounding implications in cash transactions [see *Interim guidance statement regarding the elimination of the penny*, Wash. Dept. of Rev. (2/26/26) and *State Tax Matters, Issue 2026-9*, for details on this earlier guidance], which was stated to remain in effect until “...new legislation is enacted.” Please contact us with any questions.

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Property

Texas – Crude Oil Inventories Once Again Deemed Exempt under U.S. Constitution’s Import-Export Clause

Case No. 13-25-00305-CV, Tex. App., 13th Dist. (3/19/26). In a case challenging the ad valorem taxation of crude oil inventories held in tanks within a locality, the Texas Thirteenth Court of Appeals (Court) reversed the lower trial court’s ruling and issued summary judgment for the taxpayer that the oil at issue – which was shipped to specified foreign nations in vessels that were all foreign owned – was immune from taxation under the U.S. Constitution’s Import-Export Clause. The holding in this case is in line with the Court’s decisions from earlier this year involving similar circumstances but different taxpayers [see *Case No. 13-24-00590-CV*, Tex. App., 13th Dist. (1/8/26) and *State Tax Matters, Issue 2026-2*; and *Case No. 13-24-00413-CV*, Tex. App., 13th Dist. (2/12/26) and *State Tax Matters, Issue 2026-7* for details on two of these earlier cases]. Please contact us with any questions.

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Unclaimed Property

Utah – New Law Addresses Abandoned Digital Assets Like Virtual Currency and Possible Required Liquidation

H.B. 519, signed by gov. 3/18/26. Effective May 6, 2026, recently signed legislation enacts some changes to Utah unclaimed property law by explicitly subjecting defined digital assets – which may include virtual currency, cryptocurrency, natively electronic assets (such as stablecoins or non-fungible tokens (NFTs)), or any other digital-only asset that confers economic, proprietary, or access rights or powers that are held in a digital asset account – to its provisions and establishing circumstances under which such digital assets are presumed abandoned. Under the new law, these digital assets generally are deemed abandoned three years after the apparent owner’s last indication of interest in them, with some exceptions. Additionally, if the administrator determines that a reported digital asset cannot be accepted for custody, or that the costs of custody and administration of the digital asset would exceed the digital asset’s value, “the administrator may direct the digital asset holder to sell or otherwise liquidate the digital asset and deliver the net proceeds as directed by the administrator.” Please contact us with any questions.

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Miscellaneous

Utah – New Law Imposes Annual Gross Receipts Tax on Certain Entities Delivering Targeted Advertising

S.B. 287, signed by gov. 3/25/26. Beginning January 1, 2027, recently signed legislation imposes a new annual tax on entities meeting certain revenue and gross receipts thresholds that deliver “targeted advertising” in Utah, which will be based on the entity’s gross receipts for the taxable year derived from targeted advertising in Utah. This new annual “Targeted Advertising Tax” will be imposed in addition to all other Utah taxes and levied at the same tax rate as Utah’s base sales and use tax rate (currently, 4.7%). Under the new law, “targeted advertising” means a transaction in which a business entity:

- delivers, by any means, an advertisement to an audience or individual on behalf of an advertiser and in exchange for consideration; and
- employs the following practices or features to facilitate such transaction:
 - o the business entity sells advertising space to the advertiser through a bidding process;
 - o the business entity obtains or develops individualized data profiles to deliver the advertisement; and
 - o an individual to whom the business entity delivers the advertisement has the ability to interface with the advertisement to access information or make a purchase, including through a link or a quick response (QR) code.

See forthcoming Multistate Tax Alert for more details on this new tax, and please contact us with any questions in the meantime.

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