



## State Tax Matters

The power of knowing

In this issue:

### Multistate Tax Alert

**Washington enacts Millionaires' Tax**..... 2

### Administrative

**Alabama** – New Law Revises Judicial Review Standard of State Agency Interpretations and Says No Deference ..... 2

### Income/Franchise

**New York** – ALJ Says Mandatory S Corp Election was Triggered and Results in Gains from IRC § 338(h)(10) Election..... 3

**Oregon** – New Law Updates “GILTI” References to “NCTI” and Extends PTET Election for 2 More Years ..... 4

**Pennsylvania** – BFR Says Out-of-State Company is Not Subject to CNIT Due to P.L. 86-272 Protections ..... 4

**Rhode Island** – New Rules Address Law Changes that Decouple from OBBBA Provisions ..... 5

**Texas** – Comptroller Updates Memo on New IRC Conformity Policy and Net Depreciation Adjustment..... 6

**Texas** – Proposed Changes to COGS Rule Reflect New IRC Conformity Policy and Net Depreciation Adjustment ..... 7

**Washington** – New Law Creates 9.9% Personal Income Tax on State Taxable Income >\$1M and PTET ..... 8

### Gross Receipts

**Washington** – New Law Retroactively Revises B&O “Insurance Business” Exemption and Lowers Advanced Computing Surcharge Cap for Some..... 8

**Washington** – Contract Termination Payments Deemed Subject to B&O Tax Under Service & Other Activities Classification..... 9

### Sales/Use/Indirect

**Colorado** – State High Court Agrees to Review Appellate Court’s Decision that Streaming Subscriptions Constitute Taxable TPP ..... 10

**Indiana** – Tax Court Holds that Telecom Equipment Exemption Covers Certain Provided Cell Phones ..... 10

**Washington** – New Law Revises and Repeals Aspects of 2025 Bill that Expanded Tax Base with Additional Services..... 11

### Unclaimed Property

**Alabama** – New Law Addresses Abandoned Digital Assets and Authorizes Liquidation ..... 12

## Multistate Tax Alert

### Washington enacts Millionaires' Tax

On March 30, 2026, Washington [Senate Bill 6346](#) (S.B. 6346) was signed into law, establishing a new state tax on high-income individuals and enacting a package of related tax changes. Beginning January 1, 2028, S.B. 6346 imposes a 9.9% tax on Washington taxable income exceeding \$1 million per household (the "Millionaires' Tax"), with first returns and payments due in 2029. Additionally, S.B. 6346 provides for new sales and use tax exemptions and reverts many changes from the 2025 session effective January 1, 2029, expands the Working Families' Tax Credit, modifies Business and Occupation ("B&O") tax credits and filing thresholds, and establishes an elective pass-through entity-level tax ("PTET"). S.B. 6346 generally takes effect 90 days after adjournment of the 2026 legislative session. Lastly, S.B. 6346 provides that if the Millionaires' Tax is invalidated by a court of final jurisdiction, the act is void in its entirety.

This Multistate Tax Alert summarizes some of the relevant provisions of the Millionaires' Tax.

URL: <https://www.deloitte.com/content/dam/assets-zone3/us/en/docs/services/tax/2026/multistate-tax-alert-washington-enacts-millionaires-tax.pdf>  
[Issued March 31, 2026]

---

## Administrative

### Alabama – New Law Revises Judicial Review Standard of State Agency Interpretations and Says No Deference

*S.B. 167, signed by gov. 3/31/26.* Effective October 1, 2026, newly enacted legislation modifies Alabama's standard for judicial review of a state agency's interpretation of an Alabama statute or rule. Specifically, the legislation provides that during the review, when interpreting any statute or rule, "the court may consider, but shall not defer to, an agency's interpretation and shall instead interpret its meaning and effect without any presumption as to correctness." In an action brought by or against an agency, after applying all customary tools of interpretation, "the court shall exercise any remaining doubt in favor of a reasonable interpretation." The legislation also deletes the following existing statutory provision: "except where judicial review is by trial de novo, the agency order shall be taken as prima facie just and reasonable and the court shall not substitute its judgment for that of the agency as to the weight of the evidence on questions of fact, except where otherwise authorized by statute." Please contact us with any questions.

**Joe Garrett** (Birmingham)  
Tax Managing Director  
Deloitte Tax LLP  
[jogarrett@deloitte.com](mailto:jogarrett@deloitte.com)

**Doug Nagode** (Atlanta)  
Tax Managing Director  
Deloitte Tax LLP  
[dnagode@deloitte.com](mailto:dnagode@deloitte.com)

**Liudmila Wilhelm** (Atlanta)  
Tax Senior Manager  
Deloitte Tax LLP  
[lwilhelm@deloitte.com](mailto:lwilhelm@deloitte.com)

## Income/Franchise

### New York – ALJ Says Mandatory S Corp Election was Triggered and Results in Gains from IRC § 338(h)(10) Election

*Determination DTA Nos. 831253 and 831264*, N.Y. Div. of Tax App., ALJ Div. (3/19/26). In a case involving a “hybrid” corporation (*i.e.*, a company filing as a federal S corporation but electing to file as a New York C corporation) that was sold to another entity during the 2020 tax year at issue in a deemed asset sale pursuant to an Internal Revenue Code section 338(h)(10) election, an administrative law judge (ALJ) with the New York State Division of Tax Appeals held that the entity’s self-created goodwill in the transaction constituted “investment income” for purposes of determining whether its investment income was greater than 50% of its federal gross income and thus a mandatory New York S corporation election was triggered under N.Y.S. Tax Law § 660 (i). As a result of the entity’s mandatory New York S corporation status, the ALJ held that the entity was responsible only for the fixed dollar minimum tax applicable to New York S corporations during the 2020 tax year at issue. Correspondingly, the ALJ held that the entity’s underlying flow-through items of income, loss, deductions, etc. that had been reported on the individual shareholders’ federal schedules K-1 – including the additional net taxable gain in tax year 2020 based on their respective pro rata membership interests in the sold entity – were allocable to New York on the shareholders’ New York individual income tax returns. Accordingly, the ALJ sustained the individual taxpayers’ underlying Article 22 personal income tax notices of deficiency. In holding against these individuals, the ALJ referenced a 2021 New York Tax Appeals Tribunal ruling, which held that goodwill constituted investment income under N.Y.S. Tax Law § 660 (i) (3) [see *DTA Nos. 828035, 828036, 828037 and 828038*, N.Y. Tax App. Trib. (5/17/21) and *State Tax Matters, Issue 2021-21*, for details on this 2021 decision], rather than “business income” as was argued by the individuals in this case. Please contact us with any questions.

**Jack Trachtenberg** (New York)

Tax Principal  
Deloitte Tax LLP  
[jtrachtenberg@deloitte.com](mailto:jtrachtenberg@deloitte.com)

**Don Roveto** (New York)

Tax Partner  
Deloitte Tax LLP  
[droveto@deloitte.com](mailto:droveto@deloitte.com)

**Mary Jo Brady** (Jericho)

Tax Managing Director  
Deloitte Tax LLP  
[mabrady@deloitte.com](mailto:mabrady@deloitte.com)

**Robert Waldow** (Minneapolis)

Tax Principal  
Deloitte Tax LLP  
[rwaldow@deloitte.com](mailto:rwaldow@deloitte.com)

**Josh Ridiker** (New York)

Tax Managing Director  
Deloitte Tax LLP  
[jridiker@deloitte.com](mailto:jridiker@deloitte.com)

**Olivia Chatani** (Washington D.C.)

Tax Senior Manager  
Deloitte Tax LLP  
[oschulte@deloitte.com](mailto:oschulte@deloitte.com)

## Oregon – New Law Updates “GILTI” References to “NCTI” and Extends PTET Election for 2 More Years

*S.B. 1510*, signed by gov. 3/31/26. Effective on the 91st day after the date on which the 2026 regular session of the 83rd Legislative Assembly adjourns sine die, newly signed legislation adds references to net controlled foreign corporation tested income (NCTI) in place of global intangible low-taxed income (GILTI) for Oregon corporate excise (income) tax purposes in response to the federal One Big Beautiful Bill Act (commonly referenced as “OBGBA” and more formally as P.L. 119-21). The Oregon bill also extends the ability for qualifying pass-through entities to elect to be subject to Oregon’s pass-through entity level tax (PTE-E) through to tax years beginning before January 1, 2028, rather than just those beginning before January 1, 2026 [see [previously issued Multistate Tax Alert](#) for more details on Oregon’s PTE-E]. Please contact us with any questions.

**Scott Schiefelbein** (Portland)  
Tax Managing Director  
Deloitte Tax LLP  
[sschiefelbein@deloitte.com](mailto:sschiefelbein@deloitte.com)

**Sara Clear** (Minneapolis)  
Tax Senior Manager  
Deloitte Tax LLP  
[ssclear@deloitte.com](mailto:ssclear@deloitte.com)

---

## Pennsylvania – BFR Says Out-of-State Company is Not Subject to CNIT Due to P.L. 86-272 Protections

*BF&R Docket No. 2406665*, Pa. Bd. of Fin. & Rev. (1/22/26). A Pennsylvania Board of Finance and Revenue (BFR) ruling involving an out-of-state provider of aircraft, engines and related parts concluded the company successfully showed that, based on the provided facts, it was *not* subject to Pennsylvania’s corporate net income tax (CNIT) as its in-state solicitation activities did *not* exceed the protections afforded under P.L. 86-272. Under the submitted facts, the company did not have employees or agents who performed post sale services in Pennsylvania, and the company’s sales were conducted exclusively over the telephone and email, with the processing and finalization occurring in Florida. Additionally, the company did *not* own or lease any property within Pennsylvania or perform services of property in Pennsylvania. In holding for the company, the BFR reasoned that the company’s in-state activities “appear to be solicitation and none of the associated activities go beyond the sundry and de minimis related to an eventual sale.”

Note that BFR rulings do not establish precedent other than for the petitioner at issue. Please contact us with any questions.

**Kenn Stoops** (Philadelphia)  
Tax Managing Director  
Deloitte Tax LLP  
[kstoops@deloitte.com](mailto:kstoops@deloitte.com)

**Drew VandenBrul** (Philadelphia)  
Tax Managing Director  
Deloitte Tax LLP  
[dvandenbrul@deloitte.com](mailto:dvandenbrul@deloitte.com)

**Aaron Leroy** (Pittsburgh)  
Tax Partner  
Deloitte Tax LLP  
[aarleroy@deloitte.com](mailto:aarleroy@deloitte.com)

**Bob Kovach** (Pittsburgh)  
Tax Managing Director  
Deloitte Tax LLP  
[rkovach@deloitte.com](mailto:rkovach@deloitte.com)

## Rhode Island – New Rules Address Law Changes that Decouple from OBBBA Provisions

[Regulation 280-RICR-20-25-17 - Modifications to Net Income Due to Decoupling from P.L. 119-21, H.R.1 \(2025\)](#), R.I. Dept. of Rev. (eff. 4/16/26); [Regulation 280-RICR-20-55-17 - Modifications to Rhode Island Income of a Resident Individual Due to Decoupling from P.L. 119-21, H.R.1 \(2025\)](#), R.I. Dept. of Rev. (eff. 4/16/26). The Rhode Island Department of Revenue (Department) adopted two new permanent 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, “any income, deduction, or allowance that would be subject to federal income tax for taxable years beginning on or before January 1, 2025, but for the enactment of H.R.1, must be included in net income for Rhode Island Business Corporation Tax purposes to preserve the Rhode Island tax base.” Similarly, “any income, deduction, or allowance that would be subject to federal income tax for taxable years beginning on or before January 1, 2025, but for the enactment of H.R.1, must be added to federal adjusted gross income for Rhode Island Personal Income Tax purposes to preserve the Rhode Island tax base.” The new regulations essentially address the underlying required Rhode Island income tax modifications for taxable years beginning on or before January 1, 2025.

Note that two similar Rhode Island emergency regulations went into effect on December 15, 2025, are effective for 120 days, and may be renewed for an additional 60 days [see [State Tax Matters, Issue 2025-48](#), for more details on the emergency regulations]. Please contact us with any questions.

**Mike Degulis** (Boston)

Tax Principal  
Deloitte Tax LLP  
[mdegulis@deloitte.com](mailto:mdegulis@deloitte.com)

**Alexis Morrison-Howe** (Boston)

Tax Principal  
Deloitte Tax LLP  
[alhowe@deloitte.com](mailto:alhowe@deloitte.com)

**Zsuzsanna Goodman** (Boston)

Tax Managing Director  
Deloitte Tax LLP  
[zgoodman@deloitte.com](mailto:zgoodman@deloitte.com)

**Shawn David** (Boston)

Tax Principal  
Deloitte Tax LLP  
[shdavid@deloitte.com](mailto:shdavid@deloitte.com)

## Texas – Comptroller Updates Memo on New IRC Conformity Policy and Net Depreciation Adjustment

[Memorandum 202603002M](#), Tex. Comptroller of Public Accounts (3/12/26). Following its December 2025 memorandum announcing a new administrative interpretation on how the Texas Comptroller of Public Accounts (Comptroller) views Texas conformity to the federal Internal Revenue Code beginning with the 2026 Texas franchise tax report year and will follow current federal tax law to determine certain items including depreciation [see [Memorandum 202512012M](#) and [previously issued Multistate Tax Alert](#) for more details on its new administrative policy], the Comptroller recently announced it has replaced the 2025 policy memo with an updated version that “clarifies the depreciation adjustment is intended for all taxpayers with qualifying assets, regardless of whether those assets were disposed of in the accounting period on which the 2026 report is based.” Please contact us with any questions.

**Robert Topp** (Houston)  
Tax Managing Director  
Deloitte Tax LLP  
[rtopp@deloitte.com](mailto:rtopp@deloitte.com)

**Alexis Morrison-Howe** (Boston)  
Tax Principal  
Deloitte Tax LLP  
[alhowe@deloitte.com](mailto:alhowe@deloitte.com)

**Scott Bedunah** (Dallas)  
Tax Partner  
Deloitte Tax LLP  
[scbedunah@deloitte.com](mailto:scbedunah@deloitte.com)

**Grace Taylor** (Houston)  
Tax Senior Manager  
Deloitte Tax LLP  
[grtaylor@deloitte.com](mailto:grtaylor@deloitte.com)

## Texas – Proposed Changes to COGS Rule Reflect New IRC Conformity Policy and Net Depreciation Adjustment

*Proposed Amended Title 34 Tex. Admin. Code section 3.588*, Tex. Comptroller of Public Accounts (4/3/26). The Texas Comptroller of Public Accounts (Comptroller) recently proposed changes to its Texas franchise tax administrative rule on calculating margin and cost of goods sold (COGS) to “address the policy change to conform the franchise tax to the current-year federal income tax provisions” (rather than the Internal Revenue Code in effect for the federal tax year beginning January 1, 2007) to compute certain items included for Texas franchise tax purposes beginning with the 2026 report year [see *previously issued Multistate Tax Alert* for more details on the new administrative policy]. The proposed rule includes three new subparagraphs that, respectively, would:

- allow a taxable entity a net depreciation adjustment for each “qualifying asset” properly included within COGS and placed in service before the beginning of the accounting year on the 2026 report “provided that the assets have not been disposed of prior to this date and are associated with and necessary for the production of the goods;”
- specify the order of application for a one-time net depreciation adjustment, including procedures when this adjustment causes a taxable entity’s margin to fall below zero; and
- clarify that for franchise tax reports prior to the 2026 report, “the 2007 Internal Revenue Code is used when determining allowable depreciation amounts.”

Comments on these proposed rule changes must be submitted within 30 days of the initial April 3, 2026, publication date in the Texas Register. Please contact us with any questions.

**Robert Topp** (Houston)

Tax Managing Director  
Deloitte Tax LLP  
[rtopp@deloitte.com](mailto:rtopp@deloitte.com)

**Alexis Morrison-Howe** (Boston)

Tax Principal  
Deloitte Tax LLP  
[alhowe@deloitte.com](mailto:alhowe@deloitte.com)

**Scott Bedunah** (Dallas)

Tax Partner  
Deloitte Tax LLP  
[scbedunah@deloitte.com](mailto:scbedunah@deloitte.com)

**Grace Taylor** (Houston)

Tax Senior Manager  
Deloitte Tax LLP  
[grtaylor@deloitte.com](mailto:grtaylor@deloitte.com)

## Washington – New Law Creates 9.9% Personal Income Tax on State Taxable Income >\$1M and PTET

*S.B. 6346*, signed by gov. 3/30/26. Beginning January 1, 2028, recently signed legislation creates a 9.9% state personal income tax on Washington taxable income exceeding \$1 million per household. This new tax applies only to individuals, and if the \$1 million per household threshold is not met for a taxable year, no state personal income tax is due for that year. The legislation specifies how to calculate the tax base under this new state personal income tax, including detailed sourcing, allocation, and apportionment rules for determining Washington taxable income. Beginning January 1, 2028, the legislation also allows certain pass-through entities to annually elect to pay this new state personal income tax at the entity level (a “PTET”) on behalf participating owners.

See [recently issued Multistate Tax Alert](#) for more details on this new “Millionaires’ Tax,” and please contact us with any questions.

**Scott Schiefelbein** (Portland)  
Tax Managing Director  
Deloitte Tax LLP  
[sschiefelbein@deloitte.com](mailto:sschiefelbein@deloitte.com)

**Robert Wood** (Seattle)  
Tax Principal  
Deloitte Tax LLP  
[robwood@deloitte.com](mailto:robwood@deloitte.com)

**Carlo Alba** (Seattle)  
Tax Senior Manager  
Deloitte Tax LLP  
[caralba@deloitte.com](mailto:caralba@deloitte.com)

**Angela Deamico** (Seattle)  
Tax Senior Manager  
Deloitte Tax LLP  
[adeamico@deloitte.com](mailto:adeamico@deloitte.com)

**Olivia Chatani** (Washington D.C.)  
Tax Senior Manager  
Deloitte Tax LLP  
[oschulte@deloitte.com](mailto:oschulte@deloitte.com)

**Jimmy Valenzuela** (Washington D.C.)  
Tax Manager  
Deloitte Tax LLP  
[jvalenzuela@deloitte.com](mailto:jvalenzuela@deloitte.com)

---

## Gross Receipts

### Washington – New Law Retroactively Revises B&O “Insurance Business” Exemption and Lowers Advanced Computing Surcharge Cap for Some

*H.B. 2487*, signed by gov. 4/1/26. Retroactive to October 2, 2019, recently signed legislation provides that Washington’s business and occupation (B&O) tax “insurance business” exemption applies only to the insurer paying the Washington premium tax and is limited to the revenue on which the Washington premium tax was paid. In doing so, the legislation states that it essentially seeks to “restore parity” with i) a 1962 Washington Supreme Court case, ii) a 2024 Washington Supreme Court case [see [Case No. 101845-2](#), Wash. (12/12/24) and [State Tax Matters, Issue 2024-50](#), for more details on this 2024 decision], and iii) the Washington Department of Revenue’s interim guidance issued on October 2, 2019 related to this exemption. The 2024 Washington Supreme Court case held that Washington’s B&O tax insurance business exemption applies more broadly to any entity that provides goods and services functionally related to the insurer’s insurance business when the insurer pays the Washington premium tax. Accordingly, as a result of this newly enacted legislation, those businesses not directly paying the Washington premium tax are no longer exempt from paying the B&O tax under Washington’s insurance business exemption.

Regarding Washington's advanced computing surcharge (ACS) that applies to select advanced computing businesses, the legislation lowers the annual ACS cap on the maximum combined surcharge paid by all members of an affiliated group from \$75 million to \$25 million if 50% or more of the worldwide gross revenue of the affiliated group is from insurance premiums during the immediately preceding calendar year.

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

**Robert Wood** (Seattle)  
Tax Principal  
Deloitte Tax LLP  
[robwood@deloitte.com](mailto:robwood@deloitte.com)

**Angela Deamico** (Seattle)  
Tax Senior Manager  
Deloitte Tax LLP  
[adeamico@deloitte.com](mailto:adeamico@deloitte.com)

**Carlo Alba** (Seattle)  
Tax Senior Manager  
Deloitte Tax LLP  
[caralba@deloitte.com](mailto:caralba@deloitte.com)

---

## Washington – Contract Termination Payments Deemed Subject to B&O Tax Under Service & Other Activities Classification

*Case No. 87614-7-1*, Wash. Ct. App. (3/30/26). In a state business and occupation (B&O) tax case involving a wholesale distributor of alcoholic beverages, a Washington Court of Appeals (Court) affirmed that the company's receipt of over \$20 million in termination payments from a competitor when a supplier terminated its contract without cause are subject to the B&O tax and classified as "service and other activities," rather than either exempt from such taxation or classified as taxable "wholesaling activities." Among its arguments to the contrary, the company had unsuccessfully claimed that it was *not* engaged in a B&O taxable business activity when it received the termination payments, as "losing its distribution rights was not voluntary and entering a settlement agreement to determine the amount of a statutorily mandated payment is not a business activity." The Court reasoned that in this case, "transferring distribution rights and receiving compensation is an activity encompassed in the business of wholesale distribution," and because compensation received under Rev. Code Wash. section 19.126.040 is "accrued by reason of the transaction of the business," the payments at issue were properly classified as gross income of the business subject to B&O tax. Regarding the appropriate B&O tax classification, the Court explained that because transferring distribution rights is a distinct activity from wholesale sales, the compensation payments at issue properly fell under the "services and other activities" classification. Please contact us with any questions.

**Robert Wood** (Seattle)  
Tax Principal  
Deloitte Tax LLP  
[robwood@deloitte.com](mailto:robwood@deloitte.com)

**Angela Deamico** (Seattle)  
Tax Senior Manager  
Deloitte Tax LLP  
[adeamico@deloitte.com](mailto:adeamico@deloitte.com)

**Carlo Alba** (Seattle)  
Tax Senior Manager  
Deloitte Tax LLP  
[caralba@deloitte.com](mailto:caralba@deloitte.com)

## Sales/Use/Indirect

### Colorado – State High Court Agrees to Review Appellate Court’s Decision that Streaming Subscriptions Constitute Taxable TPP

*Case No. 25SC629*, Colo. (*petition for cert. granted*). The Colorado Supreme Court (Court) granted the taxpayer’s request to review a 2025 Colorado Court of Appeals ruling that its sale of online streaming subscriptions constituted the taxable sale of tangible personal property at retail for Colorado sales tax purposes for the prior periods at issue [see *Case No. 2024 CA 1019*, Colo. Ct. App. (7/3/25) and *State Tax Matters, Issue 2025-26*, for details on the 2025 Colorado Court of Appeals decision in this case]. In its petition, the taxpayer is asking the Court to consider whether Colorado’s tax on retail sales of “tangible personal property” – historically, defined as “corporeal personal property” – encompasses its online streaming service. Please contact us with any questions.

**Inna Volfson** (Boston)  
Tax Managing Director  
Deloitte Tax LLP  
[ivolfson@deloitte.com](mailto:ivolfson@deloitte.com)

**Jeff Maxwell** (Denver)  
Tax Senior Manager  
Deloitte Tax LLP  
[jemaxwell@deloitte.com](mailto:jemaxwell@deloitte.com)

**Metisse Lutz** (Denver)  
Tax Senior Manager  
Deloitte Tax LLP  
[mlutz@deloitte.com](mailto:mlutz@deloitte.com)

---

### Indiana – Tax Court Holds that Telecom Equipment Exemption Covers Certain Provided Cell Phones

*Case No. 24T-TA-00004*, Ind. Tax Ct. (3/31/26). In a case of first impression concerning the scope of Indiana’s telecommunications equipment sales and use tax exemption, the Indiana Tax Court (Court) held for the taxpayer that the relevant statutory exemption phrase of “radio or microwave transmitting or receiving equipment” may include cell phones. The Indiana Department of Revenue unsuccessfully claimed that Indiana’s telecom exemption is limited to equipment that is part of a taxpayer’s central network infrastructure, used to provide service to all of its customers, and is within its custody and control. In response, the Court reasoned that based on the plain and ordinary meaning of the exemption statute text, the exemption is not limited in this manner, and therefore, the taxpayer in this case was entitled to an exemption for cell phones it provided to certain customers that signed contracts or made insurance claims. Please contact us with any questions.

**Robyn Staros** (Chicago)  
Tax Managing Director  
Deloitte Tax LLP  
[rstaros@deloitte.com](mailto:rstaros@deloitte.com)

## Washington – New Law Revises and Repeals Aspects of 2025 Bill that Expanded Tax Base with Additional Services

*S.B. 6113, signed by gov. 3/30/26.* Recently enacted legislation provides various technical corrections to legislation enacted in 2025 that took effect on October 1, 2025 and expanded Washington's sales and use tax base to include several additional services – such as defined advertising services (including all digital and nondigital services related to the creation, preparation, production, or dissemination of advertisements), information technology training services, technical support, and various 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 *ESSB 5814 (2025)*, and *previously issued Multistate Tax Alert* for more details on this 2025 legislation]. Among the technical corrections in the new law, the bill:

- clarifies the types of activities that meet the definition of information technology services and investigation services for purposes of Washington's retail sales tax;
- clarifies that temporary staffing services do not include direct hires, paymasters, or independent contractors;
- clarifies that certain listed activities do not meet the definition of "live presentation" subject to Washington's retail sales tax;
- provides that if a person is unable to source advertising services to the local level due to a lack of information, the person must source the services "statewide;"
- authorizes the application of Washington's affiliate exclusion for customized software and customization of prewritten computer software;
- clarifies that the use of a digital automated service that is incidental to the underlying service provided by a business is not subject to retail sales tax if the underlying service is subject to any state business and occupation (B&O) tax classification other than retailing;
- imposes Washington's use tax on all the newly enacted taxable retail services except live presentations; and
- updates some relevant definitions.

*S.B. 6346, signed by gov. 3/30/26.* Another newly signed bill repeals the imposition of Washington sales and use tax to many of the additional services included under ESSB 5814 (2025) – but not advertising services – effective as of January 1, 2029.

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

**Robert Wood** (Seattle)  
Tax Principal  
Deloitte Tax LLP  
[robwood@deloitte.com](mailto:robwood@deloitte.com)

**Angela Deamico** (Seattle)  
Tax Senior Manager  
Deloitte Tax LLP  
[adeamico@deloitte.com](mailto:adeamico@deloitte.com)

**Carlo Alba** (Seattle)  
Tax Senior Manager  
Deloitte Tax LLP  
[caralba@deloitte.com](mailto:caralba@deloitte.com)

## Unclaimed Property

### Alabama – New Law Addresses Abandoned Digital Assets and Authorizes Liquidation

*H.B. 104, signed by gov. 3/26/26.* Effective June 1, 2026, recently signed legislation enacts some changes to Alabama unclaimed property law by explicitly subjecting defined digital assets to its provisions, establishing circumstances under which such digital assets are presumed abandoned, and authorizing the liquidation of certain abandoned digital assets. Under the new law, a “digital asset” generally is defined as any digital representation used as a medium of exchange or storage of value which is not fiat currency and is recorded in a cryptographically secured, distributed ledger, or any similar technology, regardless of whether each individual transaction is recorded in that ledger. The term does *not* include any software or protocols governing the transfer of digital representation of value, video game-related digital content, or loyalty or gift cards. For liquidation purposes, the legislation provides that digital assets listed on an established exchange must be sold at prices prevailing on the exchange at the time of sale; and other digital assets may be sold over the counter at prices prevailing at the time of sale or by any reasonable method selected by the Alabama State Treasurer. Please contact us with any questions.

**Nina Renda** (Morristown)  
Tax Partner  
Deloitte Tax LLP  
[akrenda@deloitte.com](mailto:akrenda@deloitte.com)

**Joe Garrett** (Birmingham)  
Tax Managing Director  
Deloitte Tax LLP  
[jogarrett@deloitte.com](mailto:jogarrett@deloitte.com)

**Jenna Fenelli** (Morristown)  
Tax Senior Manager  
Deloitte Tax LLP  
[jfenelli@deloitte.com](mailto:jfenelli@deloitte.com)

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

#### **About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte's approximately 415,000 people worldwide make an impact that matters at [www.deloitte.com/us/en](http://www.deloitte.com/us/en).