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State Tax Matters
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The power of knowing
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State Tax Matters

The power of knowing

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Alerts
Delaware invitations for 2026 unclaimed property voluntary disclosure agreement

The Delaware Secretary of State *announced* that invitations to enroll in its unclaimed property voluntary disclosure agreement (VDA) program will be mailed to companies on or around April 10, 2026 and August 14, 2026. Companies receiving these notices have 90 days to enroll in the program before being referred to the Delaware Department of Finance for an unclaimed property audit that may yield a more unfavorable result.

This Indirect Tax Alert summarizes the VDA program and provides some observations.

URL: *https://www.deloitte.com/content/dam/assets-zone3/us/en/docs/services/tax/2026/us-tax-indirect-tax-alert-delaware-invitations-for-2026-unclaimed-property-voluntary-disclosure-agreement.pdf*
[Issued April 14, 2026]

Oregon enacts changes in response to OBBBA and extends pass-through entity elective tax

On March 31, 2026, and April 9, 2026, Oregon enacted *Senate Bill 1510* (S.B. 1510) and *Senate Bill 1507* (S.B. 1507), respectively, making several changes to the State's income tax provisions in response to federal tax changes under federal Public Law 119-21, commonly known as the One Big Beautiful Bill Act (OBBBA), and extending the State's pass-through entity elective tax (PTE-E) through tax years beginning before January 1, 2028. Furthermore, the legislation decouples the State from certain federal tax changes made in OBBBA pertaining to bonus depreciation, the small business stock exemption, the deduction for passenger vehicle loan interest, and it increases the Oregon earned income tax credit and creates a new jobs tax credit.

This Multistate Tax Alert summarizes some of the provisions in S.B. 1507 and S.B. 1510.

URL: *https://www.deloitte.com/content/dam/assets-zone3/us/en/docs/services/tax/2026/us-tax-oregon-enacts-changes-in-response-to-obbba-and-extends-pass-through-entity-elective-tax.pdf*
[Issued April 14, 2026]

Income/Franchise
Alabama – Appellate Court Affirms Parent, Intermediate Holding Sub, and Lower-Tier Bank Can't File Consolidated FIET Returns

Case No. CL-2025-0460, Ala. Civ. App. (4/10/26). In a case involving three affiliates (a parent financial institution, its wholly owned "holding company" subsidiary, and the subsidiary's wholly owned bank), the Alabama Court of Civil Appeals (Court) affirmed an Alabama circuit court ruling and a 2024 Alabama Tax Tribunal decision [see *Docket Nos. INC. 20-659-LP; MISC. 21-380-LP; FIET. 22-1113-LP; FIET. 22-1124-LP*, Ala. Tax Trib. (5/13/24), and *State Tax Matters, Issue 2024-20*, for details on the 2024 Alabama Tax Tribunal decision in this case] that the affiliates failed to meet the Alabama statutory requirements in place at the relevant times for the prior tax years at issue (namely, the filing and ownership tests) to file consolidated Alabama financial institution excise tax (FIET) returns. Accordingly, the lower-tier bank was not permitted to offset its profits against the parent's net operating losses (NOLs) and NOL carryforwards on the FIET returns at issue. Under the stipulated facts for the prior years at issue, the intermediate "holding company" subsidiary did *not* meet the requisite statutory "business test" under the "filing test" for consolidated Alabama FIET filing with the parent and lower-tier bank as it did not do business in Alabama as a bank or similar entity; and because the parent did not directly own the lower-tier bank, these two entities failed the requisite "ownership test" in effect at the time. Note that certain statutory provisions at issue in this case were subsequently amended for later years pursuant to Alabama's "Financial Institution Excise Tax Reform Act of 2019-284."

The Court further rejected the taxpayers' claim that the intermediate subsidiary nevertheless was eligible to file on the consolidated Alabama FIET returns at issue with the parent financial institution and lower-tier bank pursuant to the filing test's statutory "common parent" allowance – concluding that such allowance only applies to the single common parent of the proposed consolidated group at issue (which, in this case, would have been the parent financial institution rather than the intermediate subsidiary). Moreover, the Court held that Alabama's "filing test" is not discriminatory in violation of the U.S. Constitution's Commerce Clause given that an entity not conducting business in Alabama as a bank nevertheless may file as a "financial institution" on a consolidated Alabama FIET return if it is a registered bank-holding company (whether registered in-state or out-of-state) that is the common parent of a qualified consolidated group. Please contact us with any questions.

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Kentucky – New Law Updates State Conformity to IRC and Decouples from Some OBBBA Provisions

H.B. 757, *enacted without governor's signature on 4/14/26*. New law incorporates several tax-related measures, including generally updating Kentucky statutory corporate and personal income tax references to the Internal Revenue Code (IRC) for tax years beginning on or after January 1, 2026, to the IRC as in effect on December 31, 2025 – exclusive of any amendments made subsequent to this date, other than amendments that extend provisions in effect on December 31, 2025 that would otherwise terminate. However, the legislation also decouples from some aspects of the federal One Big Beautiful Bill Act (commonly referenced as "OBBBA" and more formally as P.L. 119-21) for taxable years beginning on or after January 1, 2026, including the OBBBA provisions pertaining to:

- the expensing of domestic research and experimental (R&D) expenditures in IRC section 174A; and
- the modifications of adjusted taxable income and the limitation on business interest under IRC section 163(j).

See recently issued Multistate Tax Alert for more details on this legislation, and please contact us with any questions.

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Maine – New Law Updates State Conformity to IRC, Addresses OBBBA, Creates PTET, and Imposes 2% Surcharge on Certain High-Income Individuals

L.D. 2212 (H.P. 1491), *signed by gov. 4/10/26*. Applicable to tax years beginning on or after January 1, 2025, and "to any prior tax years as specifically provided by the United States Internal Revenue Code of 1986 and amendments to that Code as of December 31, 2025," new law generally conforms state corporate and personal income tax references to the "Internal Revenue Code" to the federal Internal Revenue Code (IRC) as in effect as of December 31, 2025. However, the legislation also decouples from certain provisions under the federal One Big Beautiful Bill Act (commonly referenced as "OBBBA" and more formally as P.L. 119-21), including the OBBBA provisions pertaining to the special depreciation allowance for qualified production property under IRC section 168(n). Regarding the OBBBA's expensing of domestic research and experimental (R&D) expenditures under IRC section 174A, the legislation phases in conformity with the IRC section 174A(a) deduction over a five-year period from 2026 through 2030.

For every taxable year beginning on or after January 1, 2026, the legislation also permits pass-through entities to annually elect to pay a new entity-level income tax (PTET), which generally is imposed on the aggregate total of distributive share of income of all qualified members, including individuals, trusts, and estates, at the highest marginal individual income tax rate. Distributive share of income means, with regard to a qualified member that is a resident, the member's income, gain, loss and deduction from the pass-through entity, including guaranteed payments, included in the member's federal adjusted gross income or federal taxable income. Distributive share of income means, with regard to a qualified member that is a nonresident, the member's income, gain, loss and deduction derived or connected with sources in the State. Qualified members may claim a refundable credit against income tax equal to 90% of their share of the PTET paid by the electing pass-through entity. In addition to the PTET, an electing pass-through entity must remit estimated tax on behalf of qualified nonresident members equal to 10% of the amount of PTET paid on their distributive share of income.

Additionally, for tax years beginning on or after January 1, 2026, the legislation imposes a new 2% surcharge on certain individuals whose Maine taxable income for the year exceeds $1 million (or $1.5 million or $750,000, depending on filing status).

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

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New Mexico – Revised NOLs from Closed Years Cannot be Carried Forward on Amended Corporate Return

Case No. 25.02-003O, D&O No. 26-002, N.M. Admin. Hearings Office (2/27/26). In a ruling involving whether the New Mexico Taxation and Revenue Department (Department) must recognize revised net operating loss (NOL) carryforward amounts reported on a taxpayer's amended 2021 New Mexico corporate income tax return that were based on updated apportionment factors for its 2016 through 2018 and 2020 loss years, the New Mexico Administrative Hearings Office (AHO) concluded that while the amended 2021 return was timely as to tax year 2021, those earlier loss years were already closed to amendment under applicable state statute of limitation periods. Accordingly, the AHO held that the Department was not required – and even lacked the statutory authority – to accept revised NOL information on the amended 2021 return that "conflicts with the amounts reported for loss years now closed under law." In doing so, the AHO noted that New Mexico's statutory framework permits revision of loss-year attributes only through timely amended returns for those years, and the "amended 2021 filing cannot operate to alter them indirectly." Please contact us with any questions.

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Oregon – New Law Decouples from Bonus Depreciation Permitted Under the OBBBA

S.B. 1507, *signed by gov. 4/9/26*. 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 decouples Oregon from certain tax provisions under the federal One Big Beautiful Bill Act (commonly referenced as "OBBBA" and more formally as P.L. 119-21) – including certain OBBBA provisions pertaining to bonus depreciation. Specifically, for property placed in service in tax years beginning on or after January 1, 2026, the legislation requires Oregon income taxpayers to add back the difference between the amount deducted under Internal Revenue Code (IRC) section 168(k) as applicable to the current tax year and the amount allowable as a deduction under the version of IRC section 168(k) as amended and in effect on December 1, 2017.

While Oregon generally conforms to the IRC on a "rolling" basis, Oregon tax law contains several references to the IRC as amended and in effect on a specific date. Effective on the 91st day after the date on which the 2026 regular session of the 83rd Legislative Assembly adjourns sine die, the legislation also updates several of these references to the IRC as in effect on December 31, 2025 (previously, December 31, 2023), applicable to tax years beginning on or after January 1, 2026.

See recently issued Multistate Tax Alert for more details on this legislation, and please contact us with any questions.

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Texas – Appellate Court Affirms Federal Law Preempts Taxing Air Carrier's Gross Receipts from Transportation Revenues

Case No. 15-24-00113-CV, Tex. App., 15th Dist. (4/9/26). Rejecting the Texas Comptroller of Public Accounts' (Comptroller) position, the Texas Fifteenth Court of Appeals (Court) affirmed a 2024 district court decision [see *Case No. D-1-GN-16-000621*, Tex. Dist. Ct., Travis County, Tex. (8/7/24), and *State Tax Matters, Issue 2024-33*, for details on the 2024 Travis County Texas District Court decision in this case] by concluding the federal Anti-Head Tax Act (AHTA) – which prohibits states from imposing any tax on gross receipts from air commerce or air transportation – preempts Texas's franchise tax as applied to the air carrier's baggage fees, passenger ticket sales, and air freight transportation (*i.e.,* "transportation revenues"). The Court explained that application of the AHTA depends "not on whether the Texas franchise tax is a 'straight-forward gross receipts tax,'" but on whether it is "imposed on or measured by" the gross receipts from a taxpayer's transportation revenues – as was the case here where the Texas franchise tax was imposed on a direct percentage of the air carrier's gross receipts from its apportioned transportation revenues. Ultimately, the Court agreed with the district court that the AHTA preempts the Texas franchise tax as applied to the air carrier's transportation revenues for the report year at issue as an "impermissible tax on 'gross receipts' from 'air commerce or air transportation.'" The Court acknowledged this "as-applied federal preemption challenge" to the Texas franchise tax was an issue of first impression. Please contact us with any questions.

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Washington – Filed Complaint Challenges Validity of New 9.9% Personal Income Tax on State Taxable Income >$1M

Case No.____, Wash. Super. Ct. (*complaint for declaratory relief filed 4/9/26*). Several taxpayers and business groups have filed a complaint in a Washington superior court seeking declaratory judgment that Washington's recently enacted legislation creating a 9.9% state personal income tax on Washington taxable income exceeding $1 million per household [see *S.B. 6346* and *previously issued Multistate Tax Alert* for more details on this enacted legislation] is "unlawful and invalid." Specifically, the complaint alleges that this new tax is unconstitutional "twice over" – both as a property tax imposed at non-uniform rates in violation of the State of Washington's constitution article VII, section 1, and as a tax on property that exceeds 1% in violation of the State of Washington's constitution article VII, section 2. Additionally, the complaint alleges that because the legislation imposes an effective 9.9% income tax on individuals or households with gross income exceeding $1 million, and a 0% tax rate for individuals and households earning less than this threshold, the Washington Legislature ignored state constitutional restraints on its power to levy taxes by enacting this "graduated income tax." Please contact us with any questions.

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Credits/Incentives

Wisconsin – New Law Permits R&D Credits to be Carried Forward 50 Years Rather than 15

S.B. 482 [2025 Wis. Act 220], *signed by gov. 4/8/26*. Recently signed legislation permits businesses eligible for Wisconsin's income and franchise tax research credits for certain qualifying activities ("R&D credits") to carry over their unused R&D credits for 50 years, rather than 15 years, for those R&D credit carryovers that have not been utilized, refunded, or expired as of April 10, 2026. Please contact us with any questions.

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Sales/Use/Indirect

Kentucky – New Law Removes 200-Transaction Nexus Threshold, Taxes Data Brokering Services, and Imposes 14.25% Excise Tax on Prediction Market Operators

H.B. 757, *enacted without governor's signature on 4/14/26*. New law incorporates several tax-related measures, including removing Kentucky's 200 transaction-based "Wayfair" economic nexus annual threshold for purposes of requiring remote retailers and marketplace providers to collect and remit Kentucky sales and use taxes, and it leaves intact the $100,000 annual threshold of gross receipts from sales of tangible personal property, digital property, or services delivered, transferred electronically, or provided to Kentucky purchasers. Another provision in the bill expands Kentucky's sales and use tax base to include "data brokering services," which is defined as "the act of collecting, aggregating, and analyzing personal data for sale to a third party while possession of the personal data is maintained by the person providing the data brokering services or by the third party, wherever located, regardless of whether the charge for the services provided is on a per use, per user, per license, subscription, or some other basis."

Beginning January 1, 2027, the legislation also imposes an excise tax on defined "prediction market operators" at a rate of 14.25% of a prediction market operator's transaction fees. The bill defines a "prediction market" as "any physical or electronic platform through which a consumer may buy, sell, or exchange event contracts, whether the market is located in or out of the state;" *or* "any platform or system that provides consumers with the ability to open speculative positions on the outcomes of future events," and it may include "a board of trade designated as a contract market by the Commodity Futures Trading Commission." Moreover, "transaction fees" are defined as fees "charged by the prediction market operator to complete a sale, purchase, or trade of an event contract to a consumer," as well as amounts "paid by a consumer to purchase an event contract from a prediction market operator." Beginning January 1, 2027, the legislation additionally imposes an excise tax on defined "fantasy contest service providers" at a rate of 12% of the provider's adjusted gross fantasy contest receipts.

See recently issued Multistate Tax Alert for more details on this legislation, and please contact us with any questions.

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North Carolina – Ruling Says Online Payment Processor is Not a Retailer or Marketplace Facilitator if No Title Taken on Goods

SUPLR 2026-0001, N.C. Dept. of Rev. (1/13/26). A redacted private letter ruling involving an out-of-state company engaged in the business of providing card payment processing services and fraud prevention to e-commerce merchants who sell their merchandise and services online to end-customers, the North Carolina Department of Revenue concluded that based on the provided facts in situations where the company never takes title to the item(s) being sold, possession of the item(s), or license to use the item(s), it is *not* operating as a "retailer" or "marketplace facilitator" under state law in these transactions. However, in those instances where the payment processor takes title to the goods – even for just a brief time – before the goods are sold to the end customers, it would be considered a "retailer" for North Carolina sales and use tax purposes on any such sales sitused or sourced to North Carolina. Please contact us with any questions.

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

H.B. 4178, *signed by gov. 4/7/26*. Addressing the federal government's decision to end production of the penny, recently enacted Oregon legislation provides sellers with precise rules for rounding to the nearest multiple of five cents in certain cash and mixed-tender transactions. The legislation generally requires i) the seller's implemented rounding policy to be applied consistently to all such in-person cash and mixed-tender transactions, and ii) the posting of signs to notify the public of the rounding policies and specify the rounding procedures used. Please contact us with any questions.

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

H.B. 954, *signed by gov. 4/13/26*. Addressing the federal government's decision to end production of the penny, recently enacted Virginia legislation provides those persons selling goods or services with precise rules for rounding to the nearest number of cents divisible by five in certain cash transactions – and generally requires such persons to "calculate and remit all taxes and fees, and other charges imposed by state taxing authorities or by the seller, based on the sales price or stated service fee prior to any cash transaction rounding." Please contact us with any questions.

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Miscellaneous/Transfer
Nevada – Draft Proposed Rule Requires Transfer Tax Exemption Claimants to File Affidavit Attesting to Non-Tax Avoidance Motive

LCB File No. R084-26I, Nev. Tax Comm. (4/9/26). Pursuant to existing Nevada law providing an exemption from Nevada real property transfer taxes on transfers between business entities that constitute a mere change in identity or form or place of organization *unless* the transfer is made to a business entity formed for the purpose of avoiding taxes on the transfer, the Nevada Tax Commission submitted a draft proposed rule [see *State Tax Matters, Issue 2024-30*, for details on the initial draft posting] requiring a business entity claiming the exemption to submit to the county recorder:

- an affidavit containing an attestation by the affiant that the business entity to which the real property is being transferred was not formed for the purpose of avoiding the taxes on transfers of real property; and
- certain documentation sufficient to establish that the real property is not being transferred to a business entity formed for the purpose of avoiding those taxes – including, without limitation, a plan of reorganization, proof of continuity of interest, proof of continuity of business enterprise, or proof of legitimate business purpose for the reorganization.

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Unclaimed Property
Maine – New Law Addresses Abandoned Virtual Currency and Possible Required Liquidation

L.D. 1969 (H.P. 1313), *signed by gov. 4/13/26*. Recently signed legislation enacts some changes to Maine unclaimed property law by explicitly subjecting defined "virtual currency" to its provisions and establishing circumstances under which virtual currency would be presumed abandoned. Under the new law, "virtual currency" means a digital representation of value used as a medium of exchange, unit of account or store of value, which is *not* legal tender, regardless of whether or not it is denominated in legal tender. The term generally does *not* include a loyalty card or game-related digital content consisting of a digital representation of value issued by or on behalf of a publisher and used solely within an online game, gaming platform or family of games sold by the publisher or offered on the same gaming platform. The legislation provides that the administrator may, in some situations, direct a holder of unclaimed virtual currency to liquidate the virtual currency. Please contact us with any questions.

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Virginia – New Law Addresses Abandoned Digital Assets and Possible Required Liquidation

H.B. 798, *signed by gov. 4/13/26*. Recently signed legislation enacts some changes to Virginia unclaimed property law by explicitly subjecting defined digital assets to its provisions, establishing circumstances under which such digital assets are presumed abandoned, and providing a statutory framework for the general treatment and disposition of such digital assets. Under the new law, a "digital asset" means a digital representation of value that is used as a medium of exchange, unit of account, or store of value and that is *not* legal tender, whether or not denominated in legal tender; and the term does *not* include:

- a transaction in which a merchant grants, as part of an affinity or reward program, value that cannot be taken from or exchanged with the merchant for legal tender, bank or credit union credit, or a digital asset;
- a digital representation of value issued by, or on behalf of, a publisher and used solely within an online game, gaming platform, or family of games sold by the publisher or offered on the same platform; or
- a security registered with or exempt from registration with the U.S. Securities and Exchange Commission or a security qualified with or exempt from qualifications with the U.S. Securities and Exchange Commission.

The legislation provides that the administrator may, in some situations, "direct a holder of unclaimed digital assets to liquidate digital assets contemporaneously with reporting if a custodian engaged by the administrator is unable to accept and administer the digital assets." Please contact us with any questions.

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