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The power of knowing
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State Tax Matters

The power of knowing

In this issue:

Alerts
MTC adopts revisions to model airline apportionment regulation

On July 30, 2026, the Multistate Tax Commission ("MTC") revised MTC Model Regulation IV.18.(e), which addresses the apportionment of airline income. The revised regulation updates the rules for sourcing airline receipts and addresses revenue streams and business arrangements that were not expressly covered under the prior regulation. The revisions update a model regulation originally adopted in 1983.

This Multistate Tax Alert discusses this MTC revised regulation.

URL: *us-tax-multistate-tax-alert-mtc-adopts-revisions-to-model-airline-apportionment-regulation.pdf*
[Issued September 15, 2026]

California addresses IRC section 163(j) and section 1446(f) conformity

On September 14, 2026, California Senate Bill 1435 ("S.B. 1435") was signed into law. S.B. 1435 provides that the federal limitation on the deduction for business interest under Internal Revenue Code ("IRC") section 163(j) does not apply under California's Personal Income Tax Law, and that the federal withholding rules for dispositions of partnership interests under IRC section 1446(f) do not apply.

This Multistate Tax Alert discusses these recently enacted provisions.

URL: *us-tax-multistate-tax-alert-california-addresses-irc-section-163(j)-and-section-1446(f)-conformity.pdf*
[Issued September 15, 2026]

Income/Franchise
California - New Law Decouples from IRC §163(j) for PIT Purposes and from IRC §1446(f)

S.B. 1435, *signed by gov. 9/14/26; News Release: Governor Newsom signs legislation 9.14.2026*, Cal. Off. of the Gov. (9/14/26). Pursuant to legislation enacted in 2025 that updated California's general conformity date to the Internal Revenue Code (IRC) from January 1, 2015, to January 1, 2025, for taxable years beginning on or after January 1, 2025, and which selectively conformed to, modified, or decoupled from various federal income tax provisions enacted after January 1, 2015, including provisions under the federal Tax Cuts and Jobs Act of 2017 (TCJA), but which does not reach the later-enacted federal One Big Beautiful Bill Act (commonly referenced as "OBBBA" and more formally as P.L. 119-21) [see *S.B. 711*, *signed by gov. 10/1/25*, and *previously issued Multistate Tax Alert* for more details on this 2025 legislation], new law addresses:

i. the resulting differing treatment of the federal business interest expense limitation under IRC section 163(j) for California personal income tax (PIT) versus corporate income tax (CIT) taxpayers, and

ii. California's conformity to the federal withholding rules on dispositions of partnership interests under IRC section 1446(f).

Specifically, the new law adds subdivision (c) to Cal. Rev. & Tax. Code section 17225 to provide that IRC section 163(j) shall not apply under the California PIT Law, aligning the PIT treatment with the CIT treatment under Cal. Rev. & Tax. Code section 24344(e) as added by the 2025 legislation. The new law also amends Cal. Rev. & Tax. Code section 18666(b)(3) to provide that IRC section 1446(f) shall not apply, in place of the provision added by the 2025 legislation that had substituted California rates for the federal withholding rate referred to in IRC section 1446(f)(1). In addition, the new law conforms to a federal clarification that an excess business loss of a noncorporate taxpayer is determined without regard to amounts attributable to a trade or business of performing services as an employee, and it makes various technical and conforming changes to the California PIT Law and the California CIT Law. S.B. 1435 is a tax levy that took effect immediately upon enactment, and, except as otherwise provided, applies to taxable years beginning on or after January 1, 2025.

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

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Illinois – DOR Denies Alternative Apportionment Request to Include Payroll and Property in Apportionment Factor

General Information Letter IT 26-0006-GIL, Ill. Dept. of Rev. (6/25/26). In a recently posted general information letter, the Illinois Department of Revenue (Department) denied an Illinois corporate taxpayer's request to i) deviate from using Illinois' standard single sales factor apportionment formula by also incorporating evenly-weighted property and payroll factors to compute its Illinois corporate income tax, and ii) use a single personal property factor to compute its Illinois personal property replacement tax – holding that the auto manufacturer at issue failed to sufficiently show that applying Illinois' statutory standard formula did not fairly represent the extent of its in-state market. In doing so, the Department explained that merely asserting the single sales factor apportionment method "might not be the most accurate, or might not be as accurate as some other method, does not by itself demonstrate that the statutory apportionment method does not fairly represent the extent of taxpayer's market in this State." Referencing the taxpayer's submitted transfer pricing analysis in support of its alternative apportionment request, the Department also explained that a slightly higher operating margin in comparison to other firms in a sample "does not support a showing that the statutory apportionment formula operates unreasonably and arbitrarily in attributing to this State a percentage of the taxpayer's income that is out of all proportion to the market for the taxpayer's goods, services, or other sources of business income in this State" – reasoning that "a higher operating margin does not, in itself, constitute evidence of a grossly distortive result or unfair representation of the taxpayer's market in this State." Please contact us with any questions.

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Minnesota – Bulletins Address Updated State Conformity to IRC, OBBBA-Related Decoupling, and Extended PTET Election

2026 Conformity Bill Legislative Bulletin; *2026 Individual Income and Corporate Franchise Tax Legislative Bulletin*, Minn. Dept. of Rev. (9/10/26). Newly posted "2026 Legislative Bulletins" from the Minnesota Department of Revenue address, among other state tax law changes, enacted omnibus tax legislation that i) generally updates Minnesota's definition of the Internal Revenue Code (IRC) to the IRC of 1986, as amended through May 1, 2026 (previously, May 1, 2023); ii) decouples Minnesota's income tax from some aspects of 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 the election to expense prior-year unamortized domestic research and experimental (R&D) expenditures in IRC section 174A; iii) adds references to net controlled foreign corporation tested income (NCTI) in place of global intangible low-taxed income (GILTI); iv) provides that NCTI as computed for Minnesota purposes, is dividend income and therefore eligible for Minnesota's 50% dividend received deduction, where "NCTI" is defined as the amount under IRC section 951A less the amount computed under IRC section 951A(b)(2)(A) in effect as of May 1, 2023; and v) extends the election to pay Minnesota's pass-through entity tax (PTET) through to tax years through December 31, 2027 [see *H.F. 2438*, *signed by gov. 5/27/26*, and *previously issued Multistate Tax Alert* for more details on these law changes]. Please contact us with any questions.

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New York City – Memo Addresses OBBBA Decoupling Law Changes and Reporting for TY 2025

Finance Memorandum 26-2, N.Y.C. Dept. of Fin. (9/9/26). A New York City Department of Finance memorandum addresses New York State budget legislation enacted earlier this year [see *S9009C* / *A10009C*, *signed by gov. 5/28/26*, and *previously issued Multistate Tax Alert* for more details on the New York State budget for fiscal year 2027] which, among other things, decoupled New York City's Unincorporated Business Tax (UBT), General Corporation Tax (GCT), Banking Corporation Tax (BTX), and Business Corporation Tax (BCT) (collectively, the "Business Taxes") from select provisions of the federal One Big Beautiful Bill Act (commonly referenced as "OBBBA" and more formally as P.L. 119-21) pertaining to:

- the special depreciation allowance for qualified production property under Internal Revenue Code (IRC) section 168(n);
- the increased limitation for deductions pursuant to IRC section 179(a);
- the deductions of domestic research or experimental (R&D) expenditures pursuant to IRC section 174A; and
- the addback of depreciation, amortization and depletion deductions to adjusted taxable income used to calculate the interest expense limitation pursuant to IRC section 163(j).

The memorandum provides compliance-related guidance for tax year 2025, and explains that the decoupling modifications to the UBT, GCT, BTX, and BCT apply to taxable years beginning after December 31, 2024; therefore, "taxpayers who have already filed a return for such period must file an amended return to report these changes." The memorandum describes each decoupling provision and provides instructions for reporting the new modifications to the UBT, GCT, BTX, and BCT on tax returns covering calendar year 2025, and fiscal years beginning in 2025.

The memorandum clarifies that the Business Taxes are *not* decoupled from the IRC section 174A transition rules pursuant to section 70302(f) of the OBBBA related to domestic R&D expenses capitalized/amortized in the 2022-2024 tax years, stating:

> "The Business Taxes are not decoupled from the transition rules pursuant to section 70302(f) of the OBBBA. Taxpayers who, prior to the OBBBA, had established capital accounts for non-foreign research or experimental expenditures that were being amortized ratably over a 5-year period under IRC 174, may, for federal income tax purposes, either immediately deduct the relevant remaining unamortized capital account or elect to do so over a 2-year amortization period, as provided under the OBBBA. The amounts so deducted for federal income tax purposes do not have to be added back pursuant to the modifications described above."

The memorandum also contains specific instructions (including special condition codes and worksheet requirements) for requesting penalty and interest abatement solely related to the OBBBA modifications for the 2025 tax year on an original or amended return. Please contact us with any questions.

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North Carolina – DOR Issues FAQs on Updated IRC Conformity and IRC §174A Decoupling

FAQs Regarding Recent Session Law Changes, N.C. Dept. of Rev. (9/11/26). The North Carolina Department of Revenue issued a series of answers to frequently asked questions (FAQs) pertaining to legislation enacted earlier this year that generally updates North Carolina corporate and individual income tax conformity with the Internal Revenue Code (IRC) as in effect as of July 5, 2025, to reflect passage of the federal One Big Beautiful Bill Act on July 4, 2025 (commonly referenced as "OBBBA" and more formally as P.L. 119-21), as well as provides a "decoupling adjustment" to the federal allowance of full first-year expensing for domestic research and experimental (R&D) expenditures under IRC section 174A [see *S.B. 595*, *signed by gov. 7/2/26* and *State Tax Matters, Issue 2026-27*, for more details on this enacted legislation]. The FAQs seek to address the impact of this legislation on applicable North Carolina tax returns – noting that the FAQs may not address any particular taxpayer's specific facts and circumstances and subsequently may be updated or modified upon further review. Please contact us with any questions.

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North Carolina – DOR Denies Alternative Apportionment Request to Source Intercompany Transfers of TPP to Ultimate Customer Destination

Secretary of Revenue Administrative Decision No. 2026-01, N.C. Dept. of Rev. (7/2/26). The North Carolina Department of Revenue denied a company's alternative apportionment request to source certain intercompany sales of tangible personal property to its parent to the ultimate customer's destination, reasoning that because the company here was "not legally or otherwise restricted from modifying its tax structure to mitigate the harm which it claims, the written request to employ an alternate method of apportionment for the purpose of determining its North Carolina corporate income and franchise tax" for the tax years at issue is denied.
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Pennsylvania – DOR Posts Guidance on OBBBA-Related Decoupling and Adjustments Related to IRC §163(j)

Corporation Tax Bulletin 2026-01, Pa. Dept. of Rev. (9/10/26). A newly posted Pennsylvania Department of Revenue (Department) corporate tax bulletin addresses legislation enacted in 2025 [see *H.B. 416 (Act 45)*, *signed by gov. 11/12/25*, and *previously issued Multistate Tax Alert* for more details on this legislation] that decouples Pennsylvania's corporate net income tax (CNIT) from some aspects of the federal One Big Beautiful Bill Act (commonly referenced as "OBBBA" and more formally as P.L. 119-21), specifically the OBBBA provisions pertaining to the modifications of adjusted taxable income (ATI) and the limitation on business interest under Internal Revenue Code (IRC) section 163(j). According to the Department, the bulletin provides additional guidance on how the federal limitations imposed by IRC section 163(j) are treated for Pennsylvania CNIT purposes for tax years beginning on or after January 1, 2025. See also *Corporation Tax Bulletin 2019-03 (revised 7/30/26)* and *State Tax Matters, Issue 2026-31*, for the treatment of IRC section 163(j) for tax years beginning *before* January 1, 2025. Please contact us with any questions.

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Sales/Use/Indirect

California – Special Notice Addresses Changes on Taxation of Electronically Delivered Digital Products, Prewritten Software

Special Notice: Sales and Use Tax Applies to Digital Products Beginning January 1, 2027, Cal. Dept. of Tax and Fee Admin. (9/26). The California Department of Tax and Fee Administration released a special notice addressing recently enacted legislation that amends California sales and use tax law by subjecting to tax beginning as of January 1, 2027, the permanent or temporary transfer of the right to open, view, access, download, copy, update, possess, store, manipulate, or otherwise use certain defined digital products transferred electronically or accessed remotely [see *S.B. 122*, *signed by gov. 6/29/26*, and *previously issued Multistate Tax Alert* for more details on this legislation] – where such a "digital product" includes prewritten computer software. The notice explains that beginning January 1, 2027, the definition of "tangible personal property" is expanded to include digital products and any copyright or patent interests associated with those digital products. As a result, "retail sales of digital products in this state or the storage, use, or other consumption in this state of digital products purchased from any retailer may be subject to sales and use tax." According to the notice, this law change generally affects i) sellers of prewritten computer software; ii) prewritten Software-as-a-Service (SaaS) providers; iii) businesses that license or provide remote access to prewritten software; and iv) purchasers of digital products. Additionally, for California local and district tax reporting purposes, the notice states that the place of sale of digital products transferred electronically or accessed remotely is generally the customer's address, and the place of use is the place where the person accessing the digital product is located.

The notice also states that the following items are not considered digital products under the new law:

- Digital assets (such as cryptocurrency);
- Digital audio works (such as music, spoken recordings, and ringtones);
- Digital audiovisual works (such as movies and videos with sounds);
- Digital books (also known as eBooks);
- Digital infrastructure (such as cloud platforms that allow customers to create, deploy, or run their own software applications);
- Digital video game products; and
- Digital visual works (such as computer-generated artwork).

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Illinois – Trade Association Challenges Validity of Recently Enacted Social Media Tax

Case No. 2026CH08789, Ill. Cir. Ct. (*complaint filed 9/11/26*). A trade association representing members engaged in electronic commerce filed suit seeking, among else, declaration that Illinois' new statewide social media platform fee (often termed "Social Media Tax") imposed on certain social media platforms at various adjusted rates based on the number of Illinois users from whom the social media platform collects certain data beginning January 1, 2027 [see *S.B. 3019 (Public Act 104-0468)* and *previously issued Indirect Tax Alert* for more details on this new tax] is invalid under the United States Constitution and is preempted by the federal Internet Tax Freedom Act (ITFA). The filed complaint references the Maryland Tax Court's recent decision which held that Maryland's novel tax on digital advertising services (*i.e.*, Maryland's "Digital Advertising Gross Revenues Tax" or "DAGRT") is unconstitutional and preempted by the ITFA [see *previously issued Multistate Tax Alert* for more details on this Maryland Tax Court decision] – and argues that because the Illinois Social Media Tax "similarly imposes a tax obligation on electronic commerce that is not imposed on any similar offline commerce (such as offline data collection), it constitutes a 'discriminatory tax on electronic commerce' within the meaning of ITFA and is expressly preempted by federal law." The complaint additionally alleges that the Illinois Social Media Tax is a "prohibited multiple tax" because it is imposed by the State of Illinois yet "does not provide a credit for taxes paid in other jurisdictions" – specifically, for the City of Chicago, Illinois' similar tax known as the "Social Media Amusement Tax" [see *State Tax Matters, Issue 2026-1*, for more details on the City of Chicago's Social Media Amusement Tax]. Please contact us with any questions.

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Illinois – Trade Association Challenges Validity of Recently Enacted Targeted Advertising Services Tax

Case No. 2026CH08791, Ill. Cir. Ct. (*complaint filed 9/11/26*). A trade association representing members engaged in electronic commerce filed suit seeking, among else, declaration that Illinois' new "Targeted Advertising Services Tax" imposed on certain providers (*i.e.*, those engaged in the occupation of providing targeted advertising services whose annual cumulative gross receipts from such services provided in Illinois during the previous twelve-month period exceed $1 million) at a rate of 10% on the gross receipts derived from targeted advertising services provided in Illinois beginning January 1, 2027 [see *S.B. 3019 (Public Act 104-0468)* and *previously issued Indirect Tax Alert* for more details on this new tax] is invalid under the United States Constitution and is preempted by the federal Internet Tax Freedom Act (ITFA). The filed complaint references the Maryland Tax Court's recent decision, which held that Maryland's novel tax on digital advertising services (*i.e.*, Maryland's "Digital Advertising Gross Revenues Tax" or "DAGRT") is unconstitutional and preempted by the ITFA [see *previously issued Multistate Tax Alert* for more details on this Maryland Tax Court decision] – and argues that because the Illinois Targeted Advertising Services Tax "is closely related to the Maryland tax and similarly imposes a tax obligation on electronic commerce that is not generally imposed on similar offline commerce, it constitutes a 'discriminatory tax on electronic commerce' within the meaning of ITFA and is expressly preempted by federal law."

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Missouri – Amended Rule Explains Taxability of Transactions Involving Merchandise Shipped from Third Parties

Amended 12 CSR 10-113.200, Determining Whether a Transaction is Subject to Sales Tax or Use Tax, Mo. Dept. of Rev. (9/15/26). The Missouri Department of Revenue amended its rule on determining whether a transaction is subject to Missouri sales or use tax by addressing the issue of merchandise shipped from a third party. The amended language, among other revisions, adds: "when an out-of-state seller approves the order from an in-state location and delivers tangible personal property to a third-party common or contract carrier for delivery to Missouri, title transfers in Missouri and this transaction is not in commerce and is subject to sales tax." Illustrative examples are also added. The amended rule has been adopted as originally proposed in June 2026 [see *State Tax Matters, Issue 2026-23*, for details on the text as originally proposed]. The amended rule takes effect 30 days after its September 15, 2026 publication in the Missouri Register. Please contact us with any questions.

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North Carolina – Remote Ad Agency's Services Sold with Taxable Digital Property are Entirely Taxable

SUPLR 2026-0004, N.C. Dept. of Rev. (8/3/26). In a redacted private letter ruling involving a remote, independent contractor providing marketing and graphic design services and that also electronically transfers certain "digital assets" to its clients through a secured cloud platform or email, the North Carolina Department of Revenue concluded that because the charges for its nontaxable professional services are not separately stated from its provision of taxable digital property and repair, maintenance, and installation services to certain digital property, the entire sales price is subject to North Carolina sales and use tax. In doing so, the ruling explains that the taxpayer functioned as an advertising agency under state law and that under the provided facts, portions of the products that it delivered to clients met the definition of taxable "digital audiovisual works" under applicable state statutes. Please contact us with any questions.

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Ohio – State High Court Partly Vacates and Remands BTA Ruling on Taxability of Disbursement-Authorization Services & Related Ancillary Services

Case No. 2024-1569, Ohio (9/16/26). In a case involving a financial services company providing certain debit authorization and disbursement authorization services that involve various steps and parties, the Ohio Supreme Court (Court) i) vacated in part a 2024 Ohio Board of Tax Appeals (BTA) decision, which previously held that when the "true object" of the provided service is data authorization, the transaction is *not* taxable, rather than taxable as automatic data processing, electronic information services, or computer services under Ohio law [see *Case No. 2019-43*, Ohio Bd. of Tax App. (10/10/24) and *State Tax Matters, Issue 2024-42*, for more details on the 2024 BTA ruling], and ii) remanded the case back to the BTA because the decision regarding the Ohio taxability of disbursement-authorization services "lacks sufficient clarity." In doing so, the Court explained that when a taxpayer seeks a tax refund that depends on the application of a statute, the BTA must give careful attention to the meaning of that statutory language. Additionally, while agreeing that the taxability of ancillary services must be independently evaluated under the true object test, the Court also directed the BTA to review the ancillary services and make a determination of taxability. Please contact us with any questions.

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Oklahoma – SaaS Subscription Charges for Electronically Delivered Software and Related Services Deemed Exempt

File No. LR-26-012, Okla. Tax Comm., Office of the General Counsel (9/8/26). A letter ruling issued by the Oklahoma Tax Commission's Office of the General Counsel involving a taxpayer that develops and provides a hosted, web-based software platform for its customers to manage and track surplus property concluded that, based on the provided facts, the taxpayer's monthly, annual, and other "SaaS" subscription charges for remote access to its standardized hosted platform are exempt from Oklahoma sales and use tax under statute as sales of prewritten computer software delivered electronically. The ruling further held that separately stated charges for implementation, configuration, training, and customer support associated with the hosted platform are likewise exempt, so long as no taxable tangible personal property is provided as part of those services.

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Pennsylvania – City of Philadelphia Reminds Businesses of October 1 Enforcement Date for New Destination-Based Sourcing

Post: Philly's Sales Tax rules are changing—here's what you need to know, City of Philadelphia, Pa. Dept. of Rev. (9/8/26). A City of Philadelphia, Pennsylvania Department of Revenue (Department) post reminds that as of October 1, 2026, businesses must collect Philadelphia's 2% local sales tax based generally on where a taxable purchase is delivered, rather than the seller's location – noting, for example, that "if a business outside Philadelphia sells a taxable product and delivers it to a customer in Philadelphia, the business must collect the 2% local tax." The change follows legislation enacted earlier this year that requires vendors selling taxable products or services to customers in Philadelphia and Allegheny counties to collect and remit local sales taxes based on the destination of the sale [see *S.B. 146 (Act 21)*, signed by gov. 7/12/26, and *State Tax Matters, Issue 2026-28*, for more details on this 2026 legislation, as well as *Resources: Local Sales Tax Rules for Philadelphia and Allegheny Counties*, Pa. Dept. of Rev. (8/26) and *State Tax Matters, Issue 2026-33*, for more details on the Department's chosen October 1, 2026, enforcement date].

The Department's post also clarifies that Philadelphia's combined sales tax rate remains at 8%, consisting of the 6% Pennsylvania sales tax and the 2% Philadelphia sales tax, so that "businesses outside Philadelphia that already collect Pennsylvania's 6% sales tax" must also "collect and remit Philadelphia's 2% tax when they make taxable sales to Philadelphians." The guidance further notes that the new law technically took effect on July 12, 2026, and applies retroactively to tax years after December 31, 2025; however, the Department "is giving businesses time to update their systems" and its enforcement of the new law will not start until October 1, 2026. In the meantime, the Department suggests that businesses "should ensure they are ready" for the October 1 enforcement date by:

- reviewing their sales and delivery information;
- making sure their point-of-sale and online checkout systems are up to date;
- checking their tax collection and filing processes; and
- working with a local tax professional.

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Rhode Island – Providing Access to AI-Generated Reports Deemed Taxable Vendor-Hosted Prewritten Computer Software

Declaratory Order 2026-01, R.I. Div. of Tax. (8/31/26). In a declaratory order involving a company that sells access to reports created from intake form data collected via its online dashboard and generated through artificial intelligence (AI) and human review, the Rhode Island Division of Taxation (Division) held that based on the provided facts, the company's "product" is considered taxable in Rhode Island as vendor-hosted prewritten computer software that is *not* designed and developed to the specifications of a specific purchaser. In doing so, the Division explained that while the information in a generated report may be unique to each customer, "the content of the report is not the same as the software that powers the dashboard that provides access to the questionnaire data and the final report." According to the Division, it is the access to and use of the company's dashboard that allows its customers to upload questionnaire data and ultimately download the report, which then renders the company's "product" taxable as vendor-hosted prewritten computer software. Please contact us with any questions.

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Wisconsin – State High Court Denies Reviewing Decision that Online Platform's Secondary Ticket Sales are Taxable

Case No. 2024AP455, Wis. (*review denied 9/10/26*). The Wisconsin Supreme Court recently denied the taxpayer's request to review a Wisconsin Court of Appeals decision from earlier this year [see *Case No. 2024AP455*, Wis. Ct. App. (1/13/26) and *State Tax Matters, Issue 2026-2* and *State Tax Matters, Issue 2026-5*, for more details on this 2026 decision], which reversed a 2024 opinion issued by the Dane County Circuit Court [see *State Tax Matters, Issue 2024-19*, for more details on this 2024 circuit court ruling] to hold that an out-of-state company operating an online marketplace where tickets to sporting events, concerts, theater and other live entertainment services were bought and sold owed Wisconsin sales and use tax on the purchase price of tickets sold to events in Wisconsin during the prior periods at issue. Please contact us with any questions.

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Property
Oklahoma – Appellate Court Says Flowline is Used in Gas Production and Thus Exempt from Ad Valorem Tax

Case No. 124003, Okla. Cit. App. (8/10/26). In a case involving whether a gas company's "flowline" is subject to a locality's ad valorem tax, an Oklahoma Court of Civil Appeals reversed the trial court's earlier decision to hold summary judgment for the company that because the flowline is property that is necessary, and actually used in, its production of gas from its well, it is not subject to ad valorem taxation under state law. A footnote in the opinion references legislation enacted earlier this year [see *S.B. 227*, signed by gov. 4/13/26 and *State Tax Matters, Issue 2026-16*, for more details on this law change], which effective as of January 1, 2027, amends Oklahoma property tax law by expanding the description of certain oil and gas production equipment that is exempt from ad valorem tax to include certain flowlines and gathering lines – noting that "it appears the Legislature may have passed the amendment to address the wrongful application of ad valorem tax by counties to flowlines used for production within a spacing unit." Please contact us with any questions.

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