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Massachusetts High Technology Council Applauds Governor Baker's Proposal to Expand Single Sales Factor for Corporate Taxpayers; Urges Legislature to Support

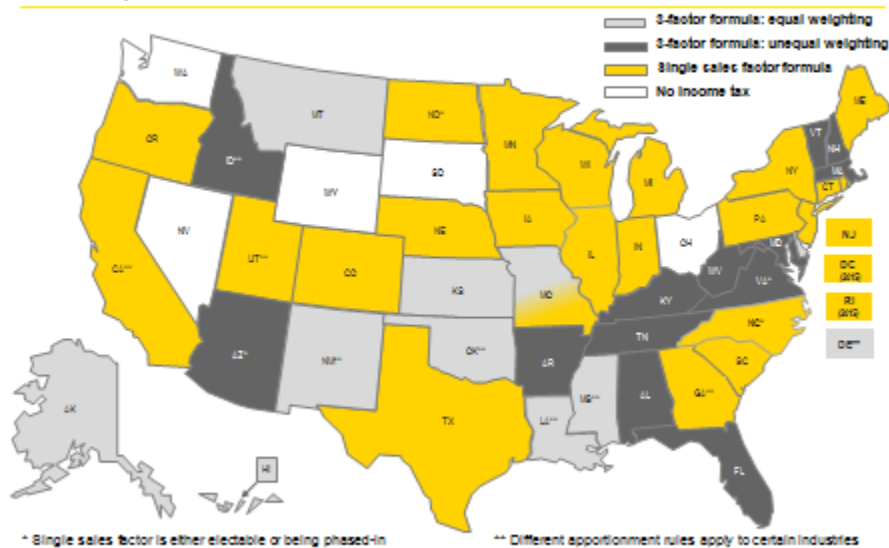
Waltham, Mass. – The Mass. High Technology Council commends Governor Baker for his proposal to expand the application of single sales factor tax apportionment treatment to all Massachusetts industries and corporate taxpayers.

Market-based apportionment of income for multistate companies is increasingly a hallmark of fair, competitive and effective taxation systems. Massachusetts was an early adopter of a limited application of single sales factor apportionment, recognizing in 1995 that traditional three factor apportionment formulas based on in-state payroll, property and sales resulted in increased tax liability whenever a local company added employees or made capital investments in the Commonwealth.

Over the past 20 years, the Commonwealth has migrated away from the three factor model and towards more market-based apportionment and income sourcing rules. The Governor's proposal is a logical and important next step in that ongoing evolution of state tax policy.

2016: States with a Single Sales Factor

As of 26 January 2016



Application of single sales factor tax apportionment treatment to all Massachusetts industries and corporate taxpayers helps ensure Massachusetts remains competitive with other states. As indicated in the map above, 23 of the 45 states that currently tax corporate income use single sales factor apportionment and only 6 cling to the traditional equal-weighted three factor formula.

In just the past few years, California, New York, Pennsylvania, North Carolina, Connecticut and Rhode Island have adopted far-reaching single sales factor tax reforms. The trend toward fairer and more competitive corporate taxation models is clear and the High Tech Council urges members of the House and Senate to follow the lead of 23 other states and enact the Governor's proposal in 2016.

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