



List of Legislative Targets

ALABAMA

- Seek *de minimis* exclusion for property taxes
- Put all property tax and exemption forms on a centralized website
- Increase timetable to protest an assessment to at least 60 days
- Ban contingent fee audits not just for tax, but also for unclaimed property
- Seek repeal of throwback
- Reform procedures for reporting federal tax changes including the provision of a clear definition of “final determination”
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Allow unclaimed property disputes to be resolved before an independent tribunal

About COST:

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 November 2017

Summary for ALABAMA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C-

- Transparency: **C**
 - Property taxpayers receive valuation notices only if value increases, and no notice on how to appeal
 - Some valuation of property available via website at the local level
- Simplicity & Consistency: **D**
 - No *De minimis* exclusion
 - Ratios and caps vary greatly by property type. In 2013, the tax rate on commercial/industrial property was 2.092 times higher than the tax rate on residential property in Birmingham
 - Intangible property is taxable
- Procedural Fairness: **C**
 - The taxpayer must pay escrow/defer payment on disputed tax based on the prior year valuation before the same becomes delinquent or must file a supersedeas bond at the time of filing the appeal

2016 State Tax Administration Overall Grade: B- (2013 Grade: B)

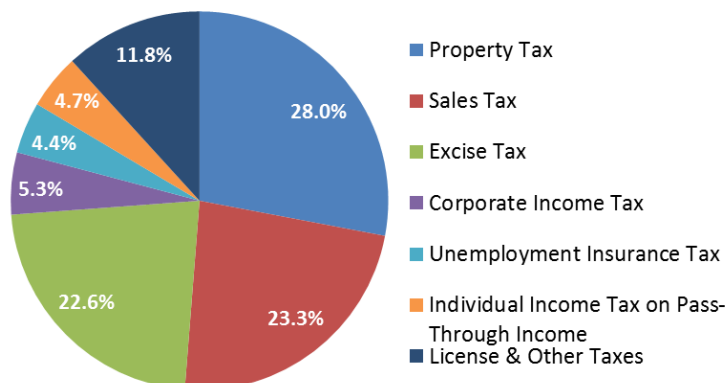
- Tax Tribunal was enacted in March 2014, but 15 counties and municipalities have “opted-out” of the Tax Tribunal’s jurisdiction
- No pay-to-play for appeals to the Tax Tribunal; however, there is a tax prepayment (or bond) requirement for subsequent appeals to circuit court
- Only 30 days to protest an assessment
- Return is due on the corresponding Federal return due date
- Relatively small number of revenue rulings issued each year; when a ruling is revoked, a summary of the ruling is provided without access to the original ruling
- Local jurisdictions hire private auditing firms

Unclaimed Property Statutes Overall Grade: C

- Business-to-Business transactions are not exempt
- More than 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY16 State and Local Business Tax Burden (\$billions)

Alabama	
Property Tax	2
Sales Tax	1.7
Excise Tax	1.6
Corporate Income Tax	0.4
Unemployment Insurance Tax	0.3
Individual Income Tax on Pass-Through Income	0.3
License & Other Taxes	0.8
Total Business Taxes	7.1
Total Effective Business Tax Rate	4.2%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **34%**

* COST Scorecards

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

ALASKA

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of property taxes
- Put all property tax and exemption forms on a centralized website
- Repeal tax haven language
- Seek to repeal domestic disclosure spreadsheet language
- Seek legislation to enact separate filing, or make MUCR elective
- Ban contingent fee audits
- Enact election to file based on the federal consolidated group
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property

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 November 2017

Summary for ALASKA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C-

- Transparency: **C**
 - Only oil and gas property tax forms for the centrally assessed property tax are available on a centralized webpage
 - Valuation of property available via a website only at some county websites
- Simplicity & Consistency: **C**
 - Standardized forms are not required for locally assessed property
 - Oil and gas property is valued annually but no appraisal cycle required for real property
 - No *De minimis* exclusion
- Procedural Fairness: **D**
 - Objections to centrally assessed property must be filed within 20 days
 - Burden of proof on taxpayer
 - No ability for taxpayer to escrow the disputed amount of property tax

2016 State Tax Administration Overall Grade: B+ (2013 Grade: A-)

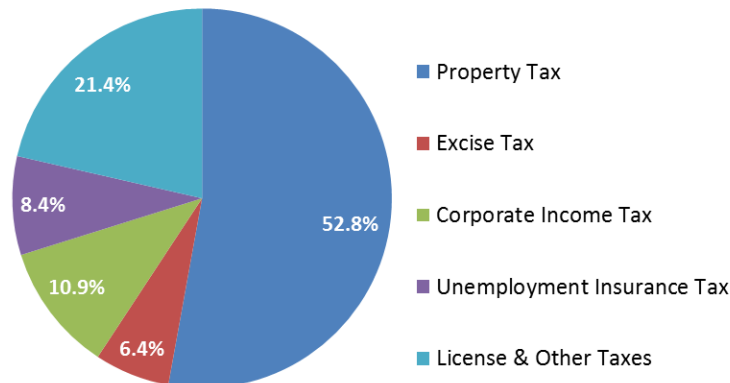
- Tax must be paid or a bond posted, to appeal to Superior Court
- Taxpayers only have 60 days after the final determination to report
- It is not binding on the Department to issue bulletins stating its interpretation of provisions in tax laws

Unclaimed Property Statutes Overall Grade: D

- Business-to-Business transactions are not exempt
- No period of limitations
- Contingent fee audits are not banned for unclaimed property
- Gift certificates are not exempt
- Owner only entitled to receive pre-liquidation/conversion interest; interest may be imposed on holders

FY16 State and Local Business Tax Burden (\$billions)

Alaska	
Property Tax	1
Sales Tax	N/A
Excise Tax	0.1
Corporate Income Tax	0.2
Unemployment Insurance Tax	0.2
Individual Income Tax on Pass-Through Income	N/A
License & Other Taxes	0.4
Total Business Taxes	1.9
Total Effective Business Tax Rate	4.7%



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List of Legislative Targets

ARIZONA

- Seek *de minimis* exclusion for property taxes
- *Joyce over Finnegan*
- Seek legislation for 80-20 FOC exclusion
- Expand contingent fee audit prohibition to be applicable to the state (currently only applies to towns or cities)
- Seek legislation to enact separate filing, or make MUCR elective
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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Summary for ARIZONA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **B**
 - Website access to tax laws and regulations very limited or does not exist
- Simplicity & Consistency: **C**
 - No *de minimis* exclusion
 - No equal assessments. Ratios vary greatly by property type. In 2013, the effective tax rate on commercial/industrial property was 2.86 times higher than residential property in Phoenix
- Procedural Fairness: **C**
 - 30 days to file the initial appeal of an assessment of personal property
 - Burden of proof imposed on taxpayer by presenting competent evidence that the valuation is excessive
 - No ability for taxpayer to escrow the disputed amount of property tax

2016 State Tax Administration Overall Grade: B+ (2013 Grade: A-)

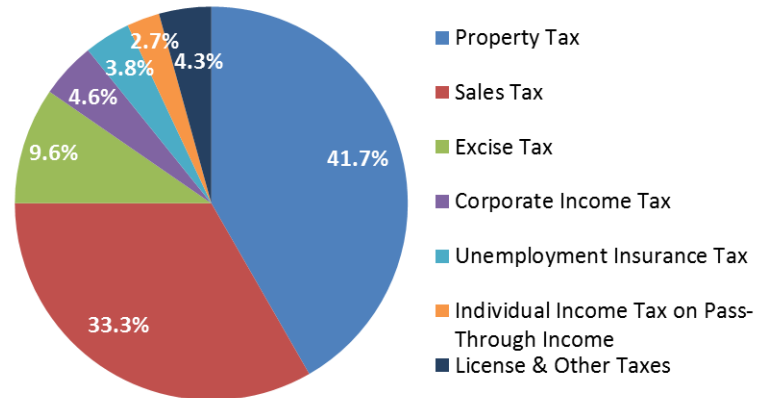
- Generally, only amounts not protested must be paid
- 45 days from receipt of notice for taxpayers to file protest for all taxes except individual income tax
- Taxpayers only have 90 days from the final determination to report federal changes
- A taxpayer may request for a private letter ruling to not be published

Unclaimed Property Statutes Overall Grade: B+

- Contingent fee audits are not banned for unclaimed property
- Owner only entitled to pre-conversion/liquidated interest; interest may be imposed on holder

FY16 State and Local Business Tax Burden (\$billions)

Arizona	
Property Tax	5.2
Sales Tax	4.1
Excise Tax	1.2
Corporate Income Tax	0.6
Unemployment Insurance Tax	0.5
Individual Income Tax on Pass-Through Income	0.3
License & Other Taxes	0.5
Total Business Taxes	12.4
Total Effective Business Tax Rate	4.8%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **47%**

* COST Scorecards

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List of Legislative Targets

ARKANSAS

- Seek *de minimis* exclusion for property taxes
- Put all property tax and exemption forms on a centralized website
- Incorporate a true independent tax dispute forum
- Provide clear definition of a “final determination” triggering requirement to report federal tax changes
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek repeal of throwback statute

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November 2017

Summary for ARKANSAS Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: C
 - Internet document explaining property tax system is difficult to navigate
 - Taxpayers receive valuation notices but no appeals information
- Simplicity & Consistency: C
 - No consistency in due dates, they vary greatly by property type
 - No *de minimis* exclusion
 - Intangible property is included in the value of centrally assessed property
- Procedural Fairness: C
 - Less than 30 days to file the initial appeal of an assessment on personal property; less than 50 days for real property; and less than 10 days for centrally assessed property
 - Taxpayer cannot escrow the disputed amount of property tax for centrally assessed property

2016 State Tax Administration Overall Grade: B+

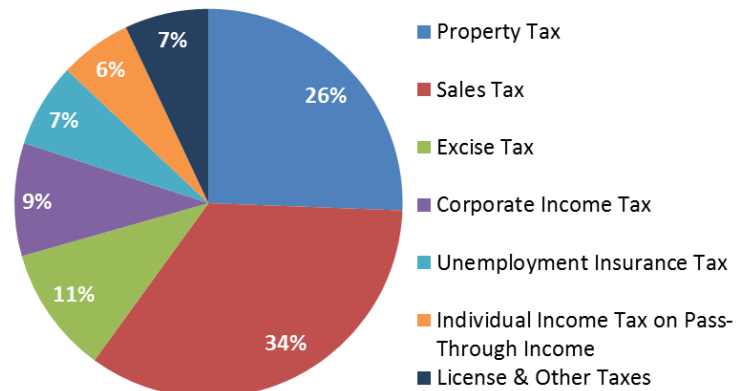
- No independent tax tribunal
- If the taxpayer loses in circuit court, the final assessment under dispute may be collected
- No automatic extension past federal extended due date, Form AR1155 required for 60-day extension
- No specific definition of final determination; unequal periods for assessment (up to 3 years) and filing for a refund (180 days) following the reporting of a federal change

Unclaimed Property Statutes Overall Grade: C-

- Business-to-Business transactions are not exempt
- An action may not be commenced more than 10 years after holder specifically identifies property in a report or gives notice of dispute regarding property
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property
- Owner only entitled to pre-conversion/liquidation interest; interest may be imposed on holder

FY16 State and Local Business Tax Burden (\$billions)

Arkansas	
Property Tax	1.2
Sales Tax	1.7
Excise Tax	0.5
Corporate Income Tax	0.5
Unemployment Insurance Tax	0.3
Individual Income Tax on Pass-Through Income	0.3
License & Other Taxes	0.3
Total Business Taxes	4.8
Total Effective Business Tax Rate	4.6%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **33%**

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List of Legislative Targets

CALIFORNIA

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Incorporate a true independent tax dispute forum
- Increase timetable to protest a sales/use assessment to at least 60 days
- Repeal throwback language
- Enact legislation that follows *Joyce over Finnegan*
- Seek legislation to enact separate filing, or make MUCR elective
- Seek legislation for 80-20 FOC exclusion
- Seek legislation that bans contingent fee audits
- Enact election to file based on the federal consolidated group
- Seek to apply statute of limitations even-handedly to both assessments and refunds
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 15 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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November 2017

Summary for CALIFORNIA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: B
 - Only state assessed taxpayers receive valuation notices. Locally assessed taxpayers in some counties do, but taxpayers in most counties are notified only by the tax bill
- Simplicity & Consistency: C
 - Local assessors have substantial autonomy
 - State government has standardized forms available, but counties routinely modify for county-specific information
 - Formal *de minimis* exception based on assessed value
 - Intangible property is constitutionally excluded; county treatment for locally-assessed property is inconsistent and in some counties the burden on the taxpayer to establish value is inordinate
- Procedural Fairness: D
 - Interest rates not equal: Underpayment – 9%, Overpayment – 3%
 - Burden of proof on taxpayer (except single family primary residence)
 - Property tax payments are due, notwithstanding appeals over disputes in value, and penalties will be assessed for failure to timely pay

2016 State Tax Administration Overall Grade: C-

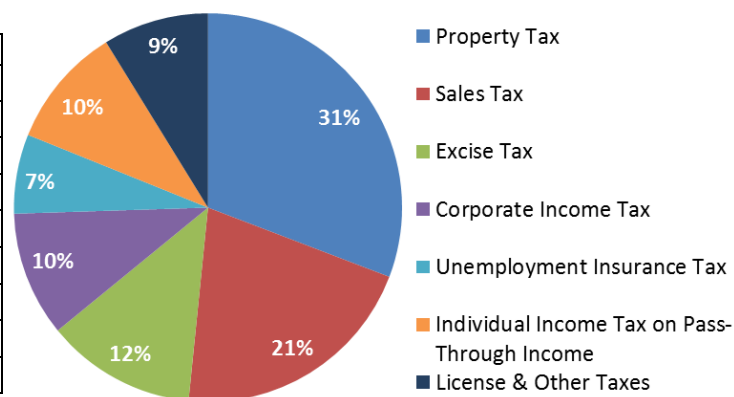
- No independent tax tribunal
- No pay-to-play before SBE hearing but a taxpayer must pay tax and accrued interest and file refund claim for *de novo* review at Superior Court
- Interest rates not equal for underpayment and overpayment
- Number of days to protest an assessment: 60 days for income/franchise tax, 30 days for sales/use tax
- FTB asserts a federal waiver holds the state statute of limitations open for reporting federal corporate tax changes
- Retroactive legislation was passed twice even though both were overturned by the courts

Unclaimed Property Statutes Overall Grade: D

- Business-to-Business transactions are not exempt
- No period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property
- Owner only entitled to pre-conversion/liquidation interest; interest is imposed on holder

FY16 State and Local Business Tax Burden (\$billions)

California	
Property Tax	29.2
Sales Tax	19.7
Excise Tax	11.9
Corporate Income Tax	9.9
Unemployment Insurance Tax	6.2
Individual Income Tax on Pass-Through Income	9.6
License & Other Taxes	8.4
Total Business Taxes	94.9
Total Effective Business Tax Rate	4.2%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **45%**

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List of Legislative Targets

COLORADO

- Eliminate any prepayment requirements to initially dispute a tax assessment
- Incorporate a true independent tax dispute forum
- Increase timetable to protest an assessment to at least 60 days
- Seek legislation to enact separate filing, or make MUCR elective
- Seek legislation that bans contingent fee audits
- Equalize interest rates for underpayments and overpayments
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property, not just certain paper gift certificates
- Allow unclaimed property disputes to be resolved before an independent tribunal

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November 2017

Summary for COLORADO Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **B**
 - The centralized website for property tax laws/regulations is very difficult to find and understand
 - Valuation of property available via a website at the local level only
- Simplicity & Consistency: **B**
 - No equal assessment. Ratios are 29% actual value except residential and real property and real property, which is set annually. There is an assessment cap of 45% on residential property. In 2013, the effective tax rate on commercial/industrial property was 3.621 times higher than the tax rate on residential property in Denver
- Procedural Fairness: **C**
 - 31-day appeal period for real property, 15 days for personal property
 - No ability to not pay or escrow

2016 State Tax Administration Overall Grade: C+

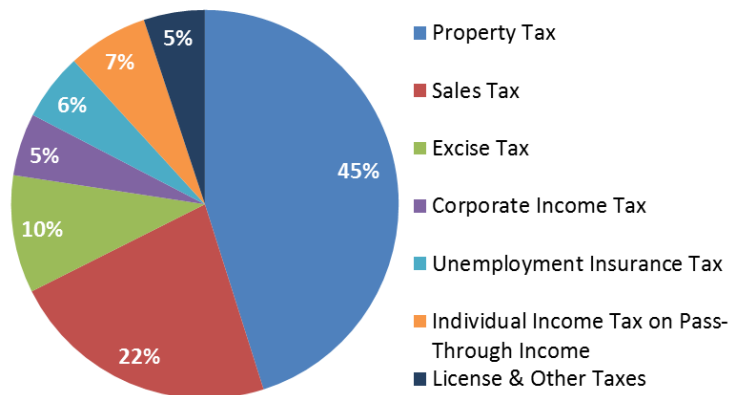
- No independent tax tribunal
- To appeal a district court ruling, taxpayers must deposit the disputed amount or post bond for two times the disputed taxes with interest and other charges
- Interest rates not equal for underpayment and overpayment
- Only 30 days after mailing to protest an assessment
- Taxpayers only have 30 days to report federal corporate tax changes, while the state has one year to assess. The time for taxpayers to seek a refund is unknown
- Colorado DOR administrative hearing decisions are not published
- Separate local taxing authorities create onerous interpretive and compliance burdens for taxpayers.

Unclaimed Property Statutes Overall Grade: C-

- Business-to-Business transactions are not exempt
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property
- Gift certificates (except certain paper ones) are not exempt
- Owner only entitled to pre-conversion/liquidation interest; interest is imposed on holder

FY16 State and Local Business Tax Burden (\$billions)

Colorado	
Property Tax	5.4
Sales Tax	2.7
Excise Tax	1.2
Corporate Income Tax	0.6
Unemployment Insurance Tax	0.7
Individual Income Tax on Pass-Through Income	0.8
License & Other Taxes	0.6
Total Business Taxes	12.1
Total Effective Business Tax Rate	4.3%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **49%**

* COST Scorecards

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List of Legislative Targets

CONNECTICUT

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Provide clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Seek legislation enacting FOC 80/20 exclusion
- Repeal mandatory unitary combined reporting

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November 2017

Summary for CONNECTICUT Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: D+

- Transparency: **C**
 - Property tax forms and claims to request exemptions are on the county or municipal websites
 - Valuation of property available via a website at the local level only
- Simplicity & Consistency: **D**
 - Local assessors are fairly autonomous with limited authority by the Office of Policy and Management
 - No standardized forms
 - No *de minimis* exclusion
 - Appraisal cycle is usually every five years
- Procedural Fairness: **C**
 - Interest rate on underpayments is 18%, on overpayments is 1%
 - 20-day appeal period unless an extension is filed, in which case it is 50 days
 - Burden of proof on taxpayer by preponderance of evidence
 - No clear distinction between real and personal property

2016 State Tax Administration Overall Grade: C+

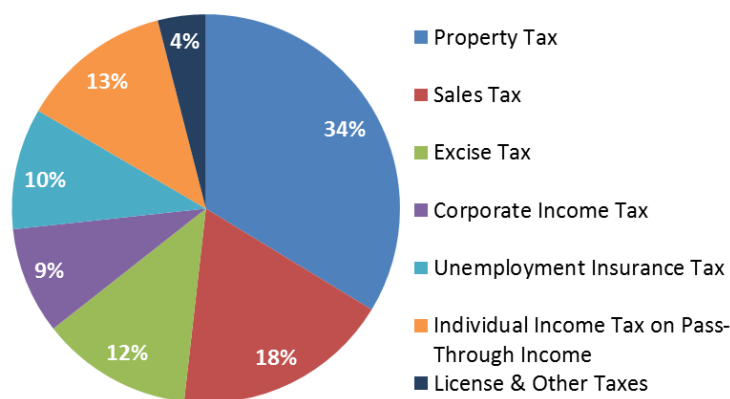
- Tax expertise is not required for Tax and Administrative Appeals Session judges
- Interest rates not equal for underpayment and overpayment; no interest paid on sales/use tax refunds
- Return due first day of the month next succeeding the due date of the corporation's federal return
- No automatic extension; must file Form 1120
- Final determination is not defined in the CBT. 90 days for taxpayers to file amended returns
- Very few published rulings. All administrative level actions are considered confidential tax return information

Unclaimed Property Statutes Overall Grade: B-

- Business-to-Business transactions are not exempt
- No period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Interest paid to owner only when claimed; interest is imposed on holder

FY16 State and Local Business Tax Burden (\$billions)

Connecticut	
Property Tax	2.7
Sales Tax	1.5
Excise Tax	1
Corporate Income Tax	0.7
Unemployment Insurance Tax	0.8
Individual Income Tax on Pass-Through Income	1
License & Other Taxes	0.3
Total Business Taxes	8.1
Total Effective Business Tax Rate	3.5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **49%**

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List of Legislative Targets

DELAWARE

- Seek *de minimis* exclusion for property taxes
- Put all property tax and exemption forms on a centralized website
- Provide *de novo* appeal for property tax appeals to an independent tribunal
- Remove tax controversies from the scope of state *qui tam* statutes
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- For reports filed prior to July 22, 2002, shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group

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November 2017

Summary for Delaware Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: D+

- Transparency: **D**
 - Property tax forms and claims to request exemptions are on the county websites
 - Internet document explaining property tax system only on some local level websites
- Simplicity & Consistency: **D**
 - Local assessors are fairly autonomous
 - No standardized forms
 - No *de minimis* exclusion
- Procedural Fairness: **C**
 - Burden of proof is on the taxpayer to show that a board acted contrary to the law
 - No *de novo* appeal
 - Taxpayer can pay the tax amount in dispute and request refund later, or not pay and penalties and interest will accrue starting three months after due date

2016 State Tax Administration Overall Grade: C+

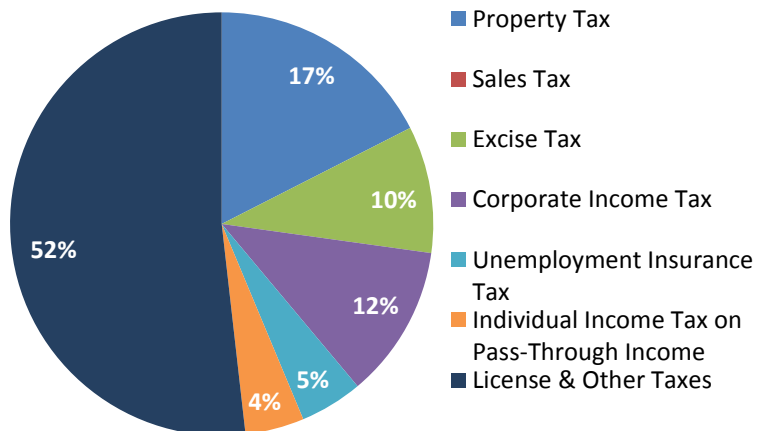
- Tax expertise is not required for all members of the Tax Appeal Board
- Civil courts may require bond for the purpose of staying execution of the judgment appealed from
- Corporate return due date is first day of the fourth month following close of the taxable year
- Corporate return extension is not automatic
- DOR does not publish private letter rulings. Tax Appeals Board decision must be made available for public inspection but they are not made available online
- No definition of final determination. IRS changes must be reported within 90 days on an amended return

Unclaimed Property Statutes Overall Grade: D-

- Business-to-Business transactions are not exempt
- For reports filed prior to 7/22/2002, state looks back on audit to 1980
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Penalties include 5% per month for failure to report, 0.5% for failure to pay, and 75% of the amount for fraudulent reporting
- Gift certificates are not exempt
- No interest paid to owners; interest may be imposed on holders

FY16 State and Local Business Tax Burden (\$billions)

Delaware	
Property Tax	0.5
Sales Tax	N/A
Excise Tax	0.3
Corporate Income Tax	0.3
Unemployment Insurance Tax	0.1
Individual Income Tax on Pass-Through Income	0.1
License & Other Taxes	1.4
Total Business Taxes	2.8
Total Effective Business Tax Rate	4.4%



* COST Scorecards

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List of Legislative Targets

DISTRICT OF COLUMBIA

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Provide *de novo* appeal for all property tax appeals to an independent tribunal
- Increase timetable to protest an assessment to at least 60 days
- Repeal tax haven language
- Seek legislation to enact separate filing, or make MUCR elective
- Insert 80-20 FOC exclusion language
- Seek legislation to ban contingent fee audits
- Repeal throwback language
- Enact election to file based on the federal consolidated group
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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November 2017

Summary for D.C. Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: B
 - Only general property tax laws and regulations are on a centralized website which is difficult to find
- Simplicity & Consistency: C
 - No *de minimis* exclusion
 - Due dates are not consistent
- Procedural Fairness: D
 - Interest on underpayments is 10% annually, compounded daily. Interest on overpayments is set at one percentage point above the primary credit discount rate for the Richmond Federal Reserve Bank as of the previous Sept 30, not to exceed 6%
 - No ability to not pay or escrow

2016 State Tax Administration Overall Grade: C-

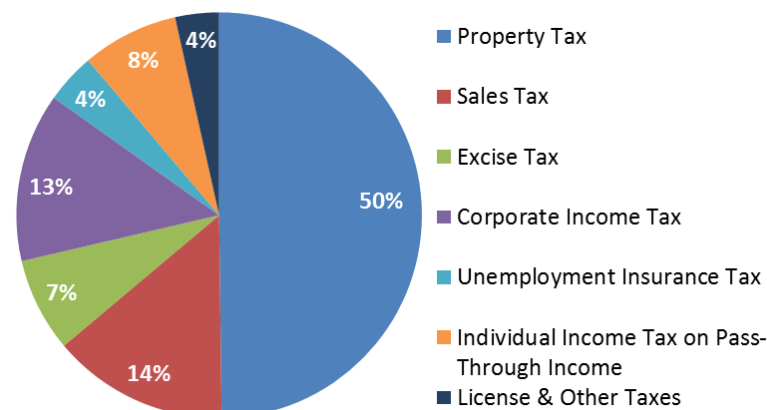
- Office of Administrative Hearings hears both tax and non-tax cases. No tax expertise requirement for judges
- Tax penalties and interest must be paid for appeals to Superior Court
- Interest on underpayments is 10% annually, compounded daily. Interest on overpayments is set at one percentage point above the primary credit discount rate for the Richmond Federal Reserve Bank
- 30 days to appeal proposed assessment to Office of Administrative Hearings. Appeals to Superior Court Tax Division can be made within six months of assessment but must first pay the tax
- Corporate return filing extension is not automatic
- No definition of final determination. Taxpayers have 90 days to report federal corporate tax changes. OTR has 180 days to assess after receipt of the report
- The extent to which OTR rulings are redacted and published is unclear. Some OAH decisions are available online

Unclaimed Property Statutes Overall Grade: D

- Business-to-Business transactions are not exempt
- Period of limitations is more than 10 years
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Penalty for failure to report or pay is \$200 per day, for willful failure to report or pay, it is \$1,000 per day
- Gift certificates are not exempt
- Owner only entitled to pre-conversion/liquidation interest; interest may be imposed on holder

FY16 State and Local Business Tax Burden (\$billions)

District of Columbia	
Property Tax	2.1
Sales Tax	0.6
Excise Tax	0.3
Corporate Income Tax	0.6
Unemployment Insurance Tax	0.2
Individual Income Tax on Pass-Through Income	0.3
License & Other Taxes	0.1
Total Business Taxes	4.1
Total Effective Business Tax Rate	4.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **36%**

* COST Scorecards

[The Best and Worst of International Property Tax Administration Scorecard – September 11, 2014](#)

[The Best and Worst of State Tax Administration – December 2016](#)

[The Best and Worst of State Unclaimed Property Laws – October 2, 2013](#)

COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

FLORIDA

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Incorporate a true independent tax dispute forum
- Remove tax controversies from the scope of state *qui tam* statutes
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek repeal of *Finnegan* rules in favor of *Joyce* rules

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November 2017

Summary for FLORIDA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **B**
 - Property tax laws and regulations are on a centralized website which is difficult to navigate
 - Valuation of property is available via a website at the local level
- Simplicity & Consistency: **B**
 - Equal assessment for ratios, but caps vary by type
- Procedural Fairness: **C**
 - Interest on underpayments is 10% or 18%, overpayments resulting from successful value adjustment board petitions receive 12% interest
 - Partial payment must be made when appealing to the Value Adjustment Board if a final decision has not been made before the date of delinquency

2016 State Tax Administration Overall Grade: C

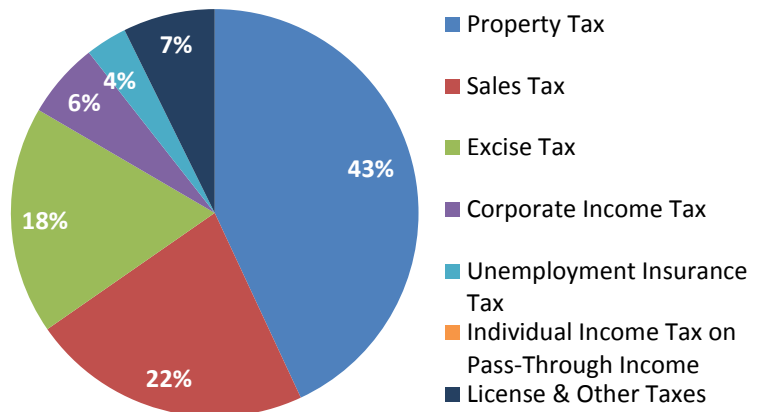
- No independent tax dispute forum
- Pay-to-play for judicial appeals
- Interest on overpayment based on complete claim filed not tax paid. DOR can defer or avoid paying interest if it deems the refund claim incomplete
- Return due first day of fourth month following close of fiscal year. No automatic extension, must file Form F-7004
- No definition of “final determination”. IRS changes must be reported within 60 days by filing an amended return. Taxpayers only have two years after required filing date to seek a refund

Unclaimed Property Statutes Overall Grade: C

- Most business-to-business transactions are not exempt
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Penalty for failure to report and for failure to pay is \$500 per day
- Owner only entitled to pre-conversion/liquidation interest; interest may be imposed on holder

FY16 State and Local Business Tax Burden (\$billions)

Florida	
Property Tax	2.1
Sales Tax	0.6
Excise Tax	0.3
Corporate Income Tax	0.6
Unemployment Insurance Tax	0.2
Individual Income Tax on Pass-Through Income	0.3
License & Other Taxes	0.1
Total Business Taxes	4.1
Total Effective Business Tax Rate	4.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **34%**

* COST Scorecards

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[The Best and Worst of State Unclaimed Property Laws – October 2, 2013](#)

COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

GEORGIA

- Equalize interest rates for underpayments and overpayments of property taxes
- Increase timetable to protest an assessment to at least 60 days
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Ban contingent fee audits for unclaimed property (prohibited for tax)
- Enact election to file based on the federal consolidated group

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November 2017

Summary for GEORGIA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **B**
 - Valuation of property is available via a website at the local level
- Simplicity & Consistency: **B**
 - Local assessors are fairly autonomous. The Local Government Services Division supervises ad valorem tax administration
- Procedural Fairness: **C**
 - Interest on underpayments is a 10% penalty plus 1% monthly, overpayments do not appear to earn interest
 - No ability to not pay or escrow

State Tax Administration Overall Grade: B-

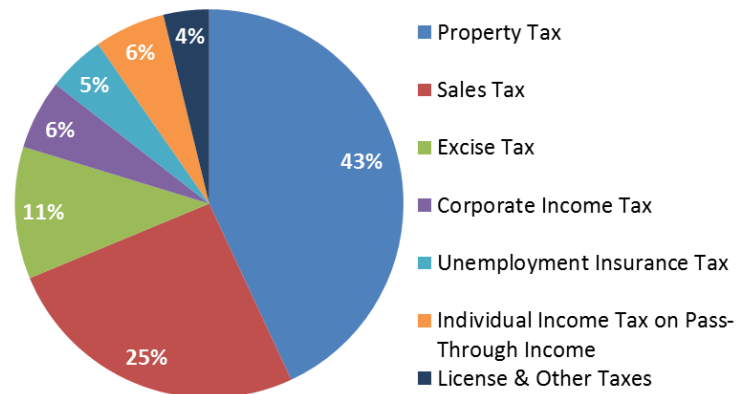
- Bond or other security is required for appeals to the superior court
- The DOR by regulation has sought to deny interest on refunds paid to direct pay permit holders
- Protests from assessments are due only 30 days from date of mailing
- No definition of final determination. Taxpayers have only one year to claim a refund, DOR has 5 years to assess non-filers
- 20% penalty on “frivolous” sales tax Refund claims and requirement to post bond for expedited refund
- No interest paid on Refunds if taxpayer fails to claim tax credits on return

Unclaimed Property Statutes Overall Grade: C

- Business-to-Business transactions are not exempt
- No period of limitations
- Gift certificates are not exempt

FY16 State and Local Business Tax Burden (\$billions)

Georgia	
Property Tax	7.3
Sales Tax	4.4
Excise Tax	1.9
Corporate Income Tax	1
Unemployment Insurance Tax	0.8
Individual Income Tax on Pass-Through Income	1
License & Other Taxes	0.6
Total Business Taxes	17
Total Effective Business Tax Rate	3.8%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **44%**

* COST Scorecards

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COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

HAWAII

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Increase timetable to protest an assessment to at least 60 days
- Seek legislation to enact separate filing, or make MUCR elective
- Seek to repeal throwback statute
- Seek legislation to enact 80-20 FOC exclusion
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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November 2017

Summary for HAWAII Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: D+

- Transparency: **D**
 - Applicable laws are on the county level and there is no centralized website
 - Property tax forms available at the county level and not on a centralized website
 - There is no Internet document explaining property tax system
 - Valuation of property available via a website at the local level
- Simplicity & Consistency: **D**
 - Local assessors are fairly autonomous. There is no formal process for equalizing assessments
 - No standardized forms
 - No *de minimis* exclusion
 - Assessment caps vary by county. In 2013, the effective tax rate on commercial/industrial property was 3.563 times higher than the tax rate on residential property in Honolulu
 - Applicable laws do not address appraisal cycle
- Procedural Fairness: **C**
 - Interest on underpayments is 1% for each month, there is no interest on overpayments
 - Appeal period is 31 days for city and county of Honolulu, 30 days for Kauai county
 - Burden of proof is on taxpayer to present evidence that assessment is not correct

State Tax Administration Overall Grade: C

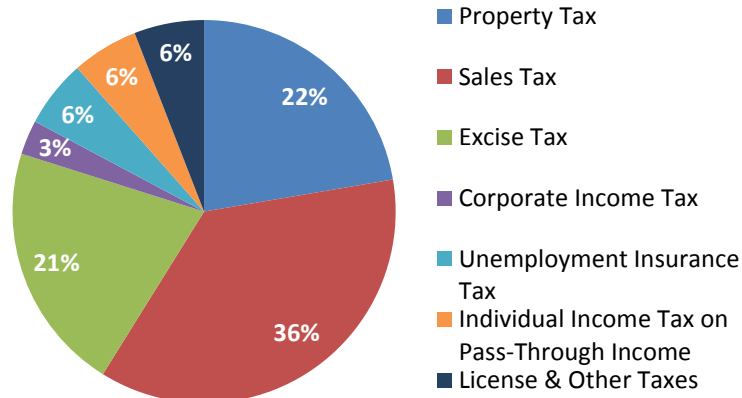
- No tax expertise required for Tax Appeal Court judges
- Prepayment is required for appeals from the Board of Review or Tax Appeal Court
- Interest rate on underpayment is .66% per month, on overpayments .33% with a 90-day grace period
- 30 days to protest an assessment
- Return is due the 20th day of the 4th month following close of fiscal year; no automatic extension
- No definition of final determination. Changes must be reported within 90 days on an amended return

Unclaimed Property Statutes Overall Grade: D

- Business-to-Business transactions are not exempt
- Period of limitations expire 10 years after the holder identified the property in a report
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Penalty for failure to pay or file is \$200 per day; willful failure to pay or fraudulent report is \$1,000 per day, plus 25% of value of property that should have been paid
- Owner entitled to preliquidation/conversion interest; interest may be imposed on holders

FY16 State and Local Business Tax Burden (\$billions)

Hawaii	
Property Tax	0.8
Sales Tax	1.4
Excise Tax	0.8
Corporate Income Tax	0.1
Unemployment Insurance Tax	0.2
Individual Income Tax on Pass-Through Income	0.2
License & Other Taxes	0.2
Total Business Taxes	3.7
Total Effective Business Tax Rate	5.8%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **33%**

* COST Scorecards

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COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

IDAHO

- Put all property tax and exemption forms on a centralized website
- Seek to repeal domestic disclosure spreadsheet language
- Seek legislation to enact separate filing, or make MUCR elective
- Seek legislation to enact 80-20 FOC exclusion
- Seek to repeal throwback statute
- Enact election to file based on the federal consolidated group
- Ban contingent fee audits
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- When holder has not filed a report, shorten statute of limitations for unclaimed property reporting and liability from 7 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property, not just ones with expiration dates
- Allow unclaimed property disputes to be resolved before an independent tribunal

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November 2017

Summary for IDAHO Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **B**
 - Property tax specific laws and regulations are not on a centralized website
 - Property tax forms are not available on a centralized website
 - Internet document explaining property tax system does not include the appeals process
- Simplicity & Consistency: **B**
 - No standardized forms
 - In 2013, the effective tax rate on commercial/industrial property was 2.068 times higher than the tax rate on residential property in Boise
 - Annual appraisal cycle is supplemented by reappraisal including physical inspection at least every 5 years
- Procedural Fairness: **C**
 - 30 days to protest a local assessment; no set time period for centrally assessed property
 - Burden of proof is on taxpayer by preponderance of the evidence
 - No ability to not pay or escrow

State Tax Administration Overall Grade: B

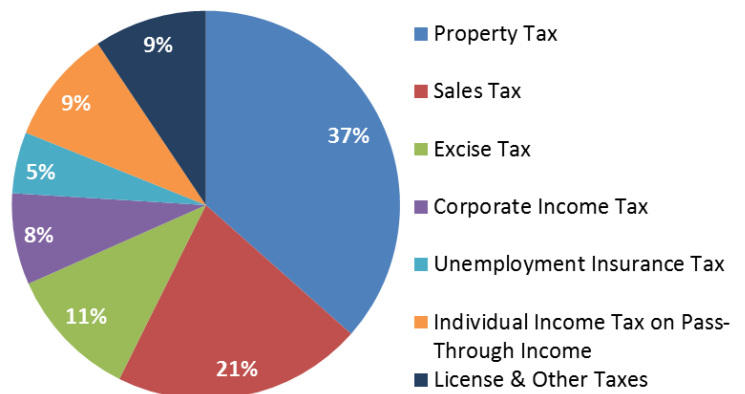
- Board of Tax Appeals is within Department of Revenue though not under State Tax Commission's control; no appeal to the Board allowed if controversies exceed \$25,000
- Pay-to-play 20% of the amount asserted for appeal to Board of Tax Appeals or District Court
- Per regulation, taxpayers only have 60 days to report federal corporate tax changes
- The Idaho Tax Commission does not issue private letter rulings

Unclaimed Property Statutes Overall Grade: C+

- Business-to-Business transactions are not exempt
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Gift certificates without an expiration date are not exempt
- Penalty for failure to pay is 5% of value of property that should have been paid
- Owner entitled to interest on interest-bearing property and preliquidation/conversion interest; interest may be imposed on holder

FY16 State and Local Business Tax Burden (\$billions)

Idaho	
Property Tax	0.9
Sales Tax	0.5
Excise Tax	0.3
Corporate Income Tax	0.2
Unemployment Insurance Tax	0.1
Individual Income Tax on Pass-Through	0.2
License & Other Taxes	0.2
Total Business Taxes	2.5
Total Effective Business Tax Rate	4.3%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **28%**

* COST Scorecards

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COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

ILLINOIS

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of property taxes
- Put all property tax and exemption forms on a centralized website
- Remove tax controversies from the scope of state *qui tam* statutes
- Repeal throwback statute
- Enact election to file based on the federal consolidated group
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Increase time for filing a federal change to at least 180 days from final determination

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November 2017

Summary for ILLINOIS Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C-

- Transparency: **C**
 - Property tax regulations are not on a centralized website which is very limited and does not include forms
 - Taxpayers outside Cook County generally receive a mailed notice. All changes in real property assessments must be published in a newspaper of general circulation in each county annually; a complete list must be published every four years
- Simplicity & Consistency: **C**
 - Local assessors are fairly autonomous; department administers some aspects
 - No standardized forms except for filing appeals
 - No *de minimis* exclusion
 - Assessment ratios are 33% except for Cook County. There are no assessment caps but counties may cap at 7% per year. In 2013, the effective tax rate on commercial/industrial property was 2.617 times higher than the tax rate on residential property in Chicago
- Procedural Fairness: **C**
 - Interest on underpayments is 1.5% monthly, interest on overpayments is at the discretion of the decision making body
 - Burden of proof is on taxpayer by preponderance of the evidence if the appeal is based on market value at the Property Tax Appeal Board level. If the appeal is based on lack of uniformity or at Circuit Court level, the burden on taxpayer is by clear and convincing evidence
 - No ability to not pay or escrow

State Tax Administration Overall Grade: B+

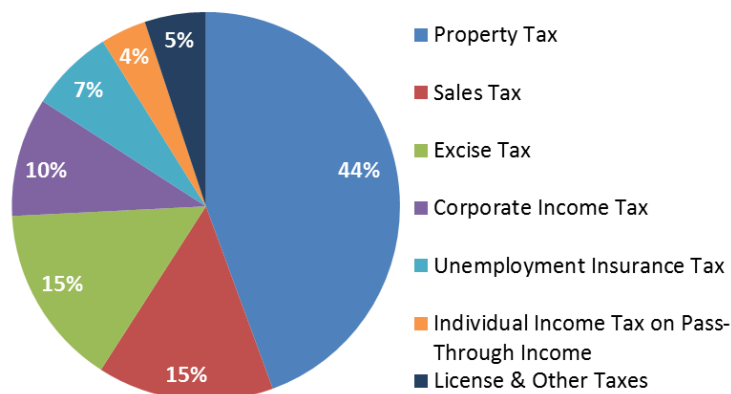
- Significant controversy on what constitutes a final determination. IL DOR can make adjustments that are not related to the RAR
- Statutes allow *Qui Tam* lawsuits for non-income tax

Unclaimed Property Statutes Overall Grade: A-

- Penalty for failure to pay is \$500 per day – each day is a separate offense. Willful refusal to pay is a class B Misdemeanor with up to 6 months imprisonment and \$1,500 fine
- No interest paid to owner, interest may be imposed on holder

FY16 State and Local Business Tax Burden (\$billions)

Illinois	
Property Tax	15.1
Sales Tax	5.05
Excise Tax	5.1
Corporate Income Tax	3.4
Unemployment Insurance Tax	2.4
Individual Income Tax on Pass-Through	1.3
License & Other Taxes	1.7
Total Business Taxes	33.9
Total Effective Business Tax Rate	4.8%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **42%**

* COST Scorecards

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COST Studies

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

INDIANA

- Seek *de minimis* exclusion for property taxes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Equalize interest rates for underpayments and overpayments
- Provide a clear definition of “final determination” triggering requirement to report federal tax changes
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek repeal of *Finnegan* rules in favor of *Joyce* rules
- Enact election to file based on the federal consolidated group
- Seek legislation allowing FOC 80/20 exclusion
- Remove tax controversies from the scope of *qui tam* statutes

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November 2017

Summary for INDIANA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B

- Transparency: **A**
- Simplicity & Consistency: **B**
 - No *de minimis* exclusion
 - Ratios are 100% of true tax value; assessments caps vary by property type. In 2013, the effective tax rate on commercial/industrial property was 2.831 times higher than the tax rate on residential property in Indianapolis
- Procedural Fairness: **B**
 - 45 day appeal period
 - Burden of proof is on taxpayer to establish a prima facie case proving both that the current assessment is incorrect and what the correct assessment should be
 - Taxpayer must pay an amount based on the previous year's assessment if real property is involved in an appeal
 - 30% minimum valuation on depreciable personal property in a taxing district, with limited exclusions, is unreasonable

State Tax Administration Overall Grade: A

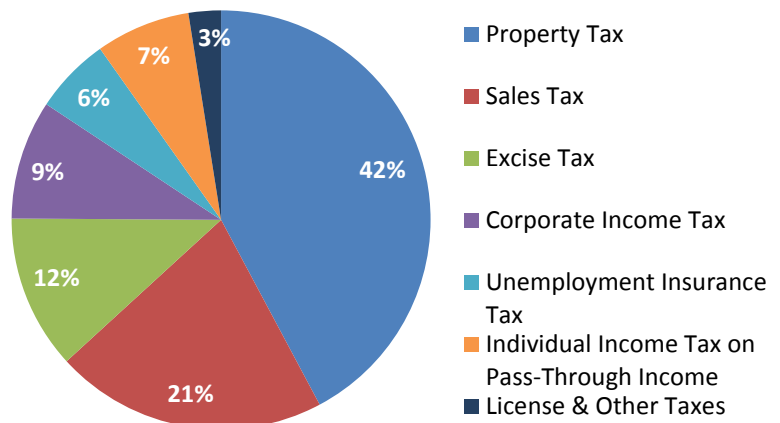
- Pay-to-play; before reaching the Tax Court the taxpayer must petition to enjoin collection of the tax

Unclaimed Property Statutes Overall Grade: A-

- Period of limitation is more than 10 years
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned

FY16 State and Local Business Tax Burden (\$billions)

Indiana	
Property Tax	4.7
Sales Tax	2.4
Excise Tax	1.3
Corporate Income Tax	1
Unemployment Insurance Tax	0.7
Individual Income Tax on Pass-Through	0.8
License & Other Taxes	0.3
Total Business Taxes	11.3
Total Effective Business Tax Rate	3.7%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **32%**

* COST Scorecards

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COST Studies

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

IOWA

- Equalize interest rates for underpayments and overpayments of property taxes
- Put all property tax and exemption forms on a centralized website
- Incorporate a true independent tax dispute forum
- Provide a clear definition of “final determination” triggering requirement to report federal tax changes
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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November 2017

Summary for IOWA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C-

- Transparency: **C**
 - Property tax laws and regulations are not on a centralized website; website has limited forms
- Simplicity & Consistency: **B**
 - Ratios are 100% of market value except for agricultural real estate. There is a 4% cap on residential, agricultural, commercial, railroads and industrial assessments. Central assessments are capped at 8%
 - Intangible property is taxable
- Procedural Fairness: **D**
 - Interest on underpayments is 1.5% monthly, no interest on overpayments
 - Appeal period is 30 days for centrally assessed and 20 days for locally assessed property
 - Burden of proof is on taxpayer attaching such valuation as excessive, inadequate, inequitable, or capricious
 - No ability to not pay or escrow

State Tax Administration Overall Grade: B-

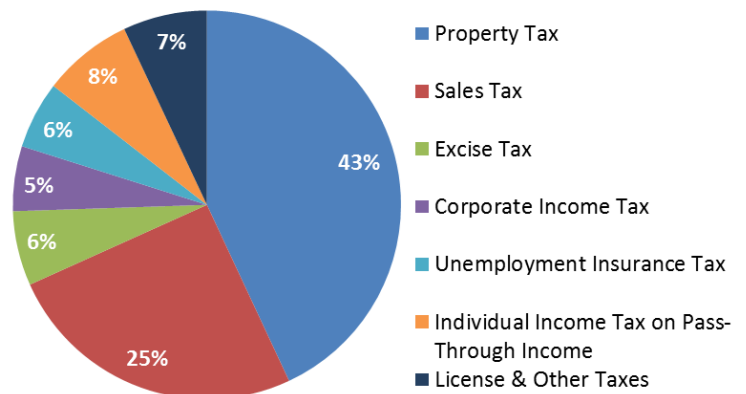
- No independent tax dispute forum; appeals are heard by the director of revenue
- No definition of final determination
- Legislature has repeatedly passed retroactive legislation

Unclaimed Property Statutes Overall Grade: B-

- No period of limitation
- Contingent fee audits are not banned
- Gift certificates are not exempt

FY16 State and Local Business Tax Burden (\$billions)

Iowa	
Property Tax	3
Sales Tax	1.8
Excise Tax	0.4
Corporate Income Tax	0.4
Unemployment Insurance Tax	0.4
Individual Income Tax on Pass-Through	0.5
License & Other Taxes	0.5
Total Business Taxes	7
Total Effective Business Tax Rate	4.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **39%**

* COST Scorecards

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COST Studies

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

KANSAS

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Seek legislation to enact separate filing, or make MUCR elective
- Enact legislation that follows *Joyce over Finnegan*
- Seek legislation to enact 80-20 FOC exclusion
- Enact election to file based on the federal consolidated group
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

About COST:

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November 2017

Summary for KANSAS Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **C**
 - Property tax laws are on a centralized website but not the regulations
 - Internet document explaining property tax system is very limited
- Simplicity & Consistency: **C**
 - Assessment ratios vary greatly by type, from 11% to 33% of fair market value
 - Annual appraisal cycle with physical inspection every six years
 - Intangible property is not exempt
- Procedural Fairness: **D**
 - Interest on underpayments is 4-6%, interest on overpayments is 2-6%
 - Appeal period is 30 days for real property and 14 days for personal property
 - Property tax litigation over expansion of real property definition (personal property being phased out)

State Tax Administration Overall Grade: A

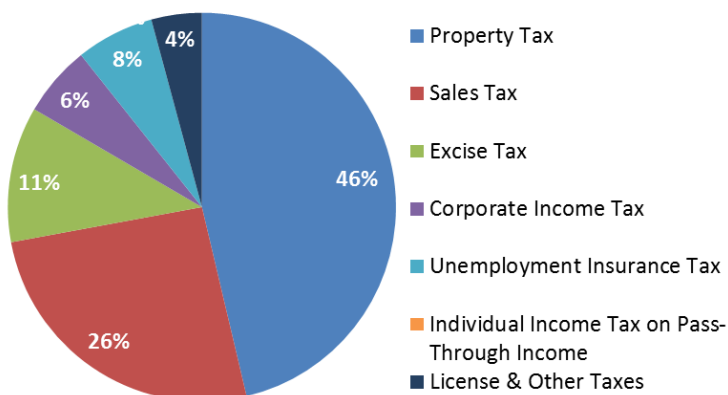
- 125% bond is required when appealing a COTA decision
- No definition of final determination

Unclaimed Property Statutes Overall Grade: B+

- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Penalty for failure to report is \$100 per day; for failure to pay, 25% of the property value; willful failure to pay is a Class B misdemeanor with up to 6 months imprisonment

FY16 State and Local Business Tax Burden (\$billions)

Kansas	
Property Tax	3.1
Sales Tax	1.7
Excise Tax	0.8
Corporate Income Tax	0.4
Unemployment Insurance Tax	0.4
Individual Income Tax on Pass-Through	N/A
License & Other Taxes	0.3
Total Business Taxes	6.6
Total Effective Business Tax Rate	5.0%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **45%**

* COST Scorecards

[The Best and Worst of International Property Tax Administration Scorecard – September 11, 2014](#)

[The Best and Worst of State Tax Administration – December 2016](#)

[The Best and Worst of State Unclaimed Property Laws – October 2, 2013](#)

COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

KENTUCKY

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Increase timetable to protest an assessment to at least 60 days
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Seek to apply statute of limitations even-handedly to both assessments and refunds
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 15 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group

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November 2017

Summary for KENTUCKY Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **C**
 - There is a centralized website but information is not property tax specific
 - Property tax exemption request forms are not available on the website
 - Information on property tax system is difficult to find
 - Valuation of property available via a website at the local level
- Simplicity & Consistency: **B**
 - Local assessors have some autonomy
 - Local assessors can exclude assessments up to \$10
 - Not all intangible property is exempt
- Procedural Fairness: **D**
 - Interest on underpayments is 6%, interest on overpayments is 2%
 - Burden of proof is on taxpayer by preponderance of the evidence
 - Appeals to the county circuit court are *de novo* as to law only, not value
 - No mechanism to not pay; disputed tax amount can be partially paid on the value declared in the appeal

State Tax Administration Overall Grade: C-

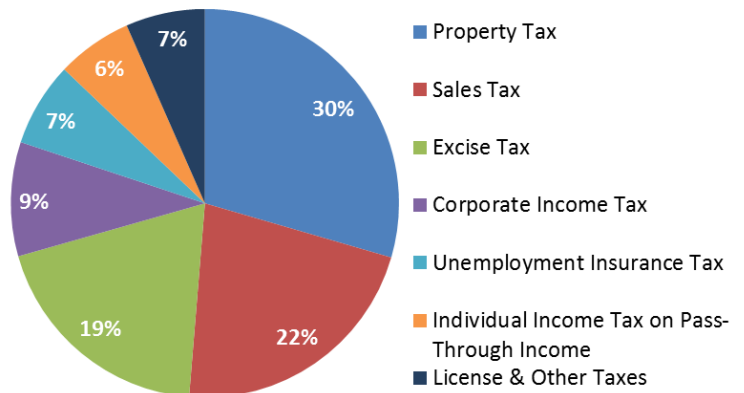
- No independent tax tribunal
- Bond required for appeals to circuit court
- Interest rates for underpayment and overpayment are not equal
- Less than 60-day (45 days) period to protest an assessment
- IRS changes must be reported within 30 days on an amended return
- DOR guidance is not published in any form
- KY DOR uses private attorneys to prosecute tax cases
- Legislature has passed retroactive legislation several times

Unclaimed Property Statutes Overall Grade: C-

- Business-to-business transactions are not exempt
- Period of limitations is 15 years
- Contingent fee audits are not banned
- Gift certificates are not exempt
- Penalty for failure to report is \$50-\$200 or imprisonment

FY16 State and Local Business Tax Burden (\$billions)

Kentucky	
Property Tax	2.3
Sales Tax	1.7
Excise Tax	1.5
Corporate Income Tax	0.7
Unemployment Insurance Tax	0.5
Individual Income Tax on Pass-Through	0.5
License & Other Taxes	0.5
Total Business Taxes	7.8
Total Effective Business Tax Rate	4.7%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **46%**

* COST Scorecards

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COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

LOUISIANA

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Limit ability of Department of Revenue to file suit and effectively bar taxpayer access to Board of Tax Appeals
- Increase timetable to protest an assessment to at least 60 days
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes and limit subsequent adjustments to federal changes only
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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November 2017

Summary for LOUISIANA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **B**
 - Property taxpayers receive valuation notice only when the property has undergone general reappraisal or the assessment on the taxpayer's property has increased by 15% or more, otherwise taxpayers receive notice only after the period for challenging the valuation has expired
- Simplicity & Consistency: **C**
 - Assessments are not equal, ratios vary greatly by type
 - Intangible property is generally exempt but unit valuation fails to exclude for centrally assessed property
- Procedural Fairness: **C**
 - Interest on underpayments is 1% monthly, interest on overpayments is the rate earned on the funds paid under protest
 - Appeal period in less than 60-days and not consistent across the board
 - Granting of functional and economic obsolescence varies from parish to parish

State Tax Administration Overall Grade: C+

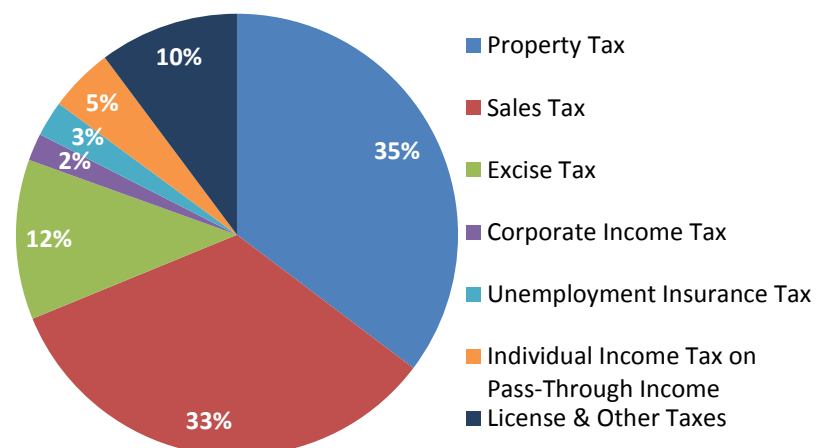
- Pay-to-play (payment of tax or posting bond) is required for appeals beyond the Board of Tax Appeals
- Unequal interest rates for taxpayer and the state
- Provide a clear definition of a "final determination" triggering requirement to report federal tax changes and limit subsequent adjustments to federal changes only
- Some rulings are available online, but no redacted rulings have been published by LDR since 2010
- Separate local taxing authorities create onerous compliance burdens. Local taxing authorities are authorized to pay contract auditors on a contingent fee basis

Unclaimed Property Statutes Overall Grade: D

- Business-to-business transactions are not exempt
- Period of limitations is 10 years
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned
- Gift certificates are not exempt
- Penalty for failure to report is \$200 per day; for willful failure to report or fraudulent report, it is \$1,000 per day plus 25% of the value of the property
- Owner is entitled to pre-liquidation/conversion interest; interest may be imposed on holders

FY16 State and Local Business Tax Burden (\$billions)

Louisiana	
Property Tax	3.1
Sales Tax	2.9
Excise Tax	1
Corporate Income Tax	0.2
Unemployment Insurance Tax	0.2
Individual Income Tax on Pass-Through	0.4
License & Other Taxes	0.9
Total Business Taxes	8.7
Total Effective Business Tax Rate	4.1%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **55%**

* COST Scorecards

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COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

MAINE

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact legislation that follows *Joyce over Finnegan*
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Seek legislation to enact 80-20 FOC exclusion

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November 2017

Summary for MAINE Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **B**
 - Information explaining tax system on the website is not property tax specific and does not include appeals process
 - Some valuation of property information available via a website at the local level
- Simplicity & Consistency: **B**
 - There are no standardized forms except for claiming business equipment exemption and BETR program forms
- Procedural Fairness: **C**
 - Interest on underpayments varies by municipality but cannot be less than 4%
 - Burden of proof is on taxpayer to show “greater weight” and that valuation was manifestly wrong; on municipality in supplemental assessment
 - Ability to escrow or defer payment on disputed tax is very limited

State Tax Administration Overall Grade: A-

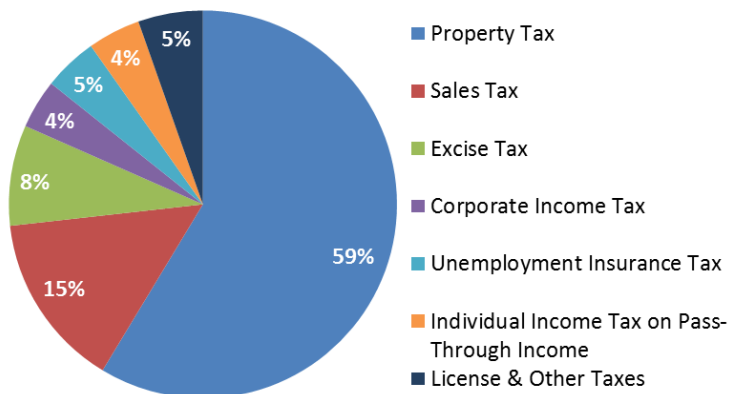
- Interest on refunds begins from date refund is filed, with no interest if paid within 60 days of the filing
- Maine Revenue Services does not publish advisory rulings, they may be obtained through a FOIA request

Unclaimed Property Statutes Overall Grade: D

- Business-to-business transactions are not exempt
- Period of limitations is 10 years
- Unclaimed Property statutes do not address appeals
- Contingent fee audits are not banned
- Gift certificates are not exempt
- Penalty for failure to report or pay is \$200 per day; willful failure to report or fraudulent report is \$1,000 per day plus 25% of the value of the property
- Owner entitled to pre-liquidation/conversion and on certain interest-bearing accounts. Excessive interest may be imposed on holder

FY16 State and Local Business Tax Burden (\$billions)

Maine	
Property Tax	2
Sales Tax	0.5
Excise Tax	0.3
Corporate Income Tax	0.1
Unemployment Insurance Tax	0.2
Individual Income Tax on Pass-Through	0.1
License & Other Taxes	0.2
Total Business Taxes	3.4
Total Effective Business Tax Rate	6.7%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **37%**

* COST Scorecards

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COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

MARYLAND

- Increase timetable to protest an assessment to at least 60 days
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group

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November 2017

Summary for MARYLAND Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **C**
 - Property tax laws and regulations are available online on the Maryland Assessments Procedures Manual, but difficult to navigate
 - Property taxpayers receive valuation notice but does not include appeals information
- Simplicity & Consistency: **B**
 - No *de minimis* exclusion but exemption for personal property valued less than \$250
 - Assessment ratios vary greatly by property type. There is an assessment cap of 10% or less over the prior year's assessment
 - Intangible property is taxable in operating property of a utility or railroad
- Procedural Fairness: **B**
 - Ability to escrow or defer payment on disputed tax on personal property provided taxpayer submits a bond to the agency responsible for collecting the tax

State Tax Administration Overall Grade: C

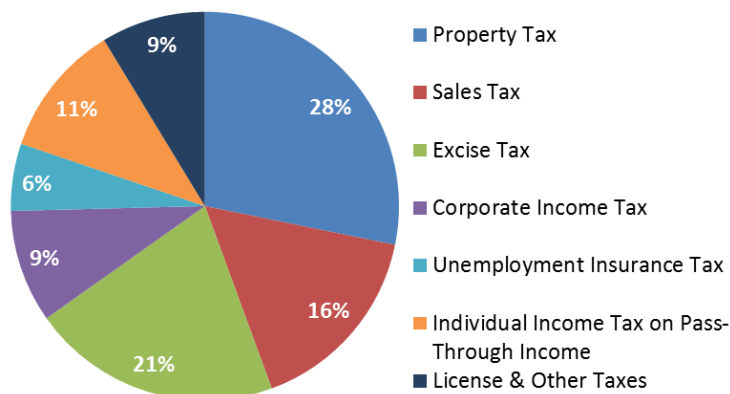
- Orders of the Tax Court are enforceable even when they are still subject to judicial review.
- Less than 60-day (30 days) period to protest an assessment
- No automatic extension, 7-month extension available with filing of Form 500E
- No binding letter rulings, and only a few Maryland Tax Court decisions are available online
- Retroactive legislation passed in 2014.
- The Maryland Comptroller has taken the position that interest will not be paid on a refund claim if the claim is based on "an error or mistake of the claimant not attributable to the State."

Unclaimed Property Statutes Overall Grade: B+

- Unclaimed Property statutes do not address appeals
- Contingent fee audits are not banned
- Penalty for failure to report is \$100 per day and for failure to pay is 15% of the value of the property. Penalty for willful failure to pay is \$500-\$5,000 or imprisonment for not more than 6 months or both

FY16 State and Local Business Tax Burden (\$billions)

Maryland	
Property Tax	3.4
Sales Tax	1.9
Excise Tax	2.5
Corporate Income Tax	1.1
Unemployment Insurance Tax	0.7
Individual Income Tax on Pass-Through	1.3
License & Other Taxes	1
Total Business Taxes	12
Total Effective Business Tax Rate	4.1%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **41%**

* COST Scorecards

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COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

MASSACHUSETTS

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Provide *de novo* appeal for property tax appeals to an independent tribunal
- Increase time for filing a federal change to at least 180 days from final determination.
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation favoring *Joyce* over *Finnegan*
- Seek repeal of throwback statute
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Seek legislation to enact 80-20 FOC exclusion

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November 2017

Summary for MASSACHUSETTS Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C-

- Transparency: **C**
 - Property tax statutes and forms are not on a centralized website
 - No Internet document explaining property tax system; only some brochures explaining exemptions
 - Property taxpayers receive valuation notice with unclear information on appeals
 - Valuation of property available via a website at the local level
- Simplicity & Consistency: **C**
 - Local assessors have some autonomy but in general abide by the Commissioner of Revenue for the local board of assessors
 - Localities have preferences for their local forms
 - No *de minimis* exclusion but there is a local option for personal property accounts valued up to \$10,000
 - Assessment ratios vary greatly by property type. In 2013, the effective tax rate on commercial/industrial property was 3.871 times higher than the tax rate on residential property in Boston
- Procedural Fairness: **B**
 - Annual interest rate on underpayments is 14%, on overpayments 8%
 - Appeal period is only 30 days
 - No *de novo* appeal
 - Some ability to escrow or defer payment on disputed tax: half must be paid but if the real estate is more than \$3,000, all must be paid

State Tax Administration Overall Grade: B

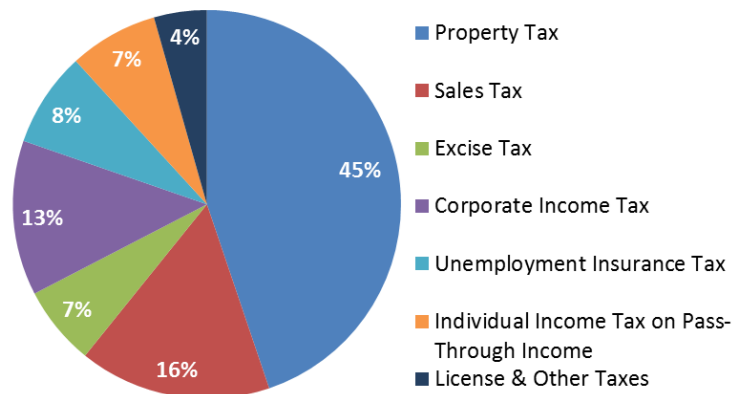
- Stay on collection only applies to appeals if the taxpayer wins at the Appellate Tax Board
- Interest rates on underpayments and overpayments are not equal
- Return is due on the 15th day of the third month after close of taxable year

Unclaimed Property Statutes Overall Grade: A

- No independent appeals process but holders may appeal within 30 days a decision of the assistant treasurer of the unclaimed property division to the Treasurer
- Contingent fee audits are not banned
- Owner only entitled to pre-liquidation/conversion interest. Interest may be imposed on holder

FY16 State and Local Business Tax Burden (\$billions)

Massachusetts	
Property Tax	8.1
Sales Tax	2.9
Excise Tax	1.2
Corporate Income Tax	2.3
Unemployment Insurance Tax	1.4
Individual Income Tax on Pass-Through	1.3
License & Other Taxes	0.8
Total Business Taxes	18.1
Total Effective Business Tax Rate	4.1%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **39%**

* COST Scorecards

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COST Studies

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

MICHIGAN

- Seek to apply statute of limitations even-handedly to both assessments and refunds
- Equalize interest rates for underpayments and overpayments
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation favoring *Joyce* over *Finnegan*
- Seek repeal of throwback statute
- Seek legislation to enact separate filings, or make MUCR elective
- Seek legislation to enact 80-20 FOC exclusion

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November 2017

Summary for MICHIGAN Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **B**
 - Property tax laws are available online but regulations are not
 - Property taxpayers receive valuation notices by local property tax assessors in case of an increase in value 14 days before the meeting of a board of review
 - Valuation of property available via a website at the local level
- Simplicity & Consistency: **B**
 - Local assessors have some autonomy but receive guidance and assistance from the State Tax Commission
- Procedural Fairness: **B**
 - No 60-day appeal period; notices are mailed 10 days prior to hearing date
 - No ability to escrow or defer payment on disputed tax except for small claims appeals concerning principal residence or agricultural property
 - Members of the Board of Review are volunteers and are not required to have any background in property tax

State Tax Administration Overall Grade: C+

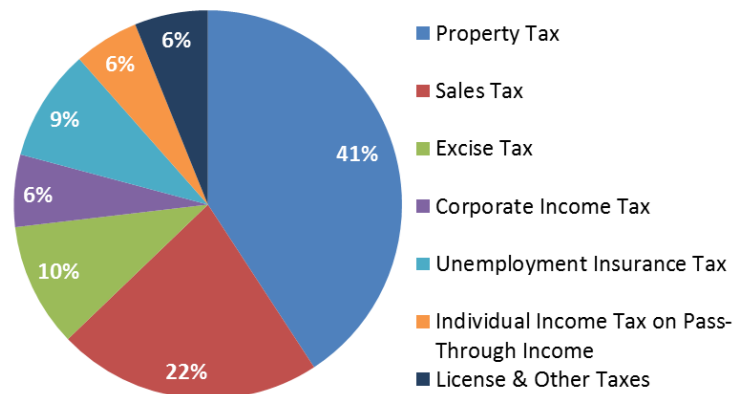
- Statute of limitations is generally four years, on refunds, statute is 90 days on claims based on constitutional or federal law
- No automatic extension; up to 8-month extension is granted with filing of tentative return and copy of federal extension request by due date
- No definition of final determination
- The Michigan Legislature has passed retroactive legislation expressly intended to reverse state high court decisions

Unclaimed Property Statutes Overall Grade: C+

- No business-to-business exemption for outstanding checks, drafts or similar instruments
- Contingent fee audits are not banned
- Penalty for failure to report is \$100 per day; for failure to pay, it is 25% of value of property; for willful failure to pay, it is \$500-\$25,000 or imprisonment or both
- Owner only entitled to pre-liquidation/conversion interest. Interest may be imposed on holder

FY16 State and Local Business Tax Burden (\$billions)

Michigan	
Property Tax	6.1
Sales Tax	3.3
Excise Tax	1.5
Corporate Income Tax	0.9
Unemployment Insurance Tax	1.4
Individual Income Tax on Pass-Through	0.8
License & Other Taxes	0.9
Total Business Taxes	14.9
Total Effective Business Tax Rate	3.5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **32%**

* COST Scorecards

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COST Studies

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List of Legislative Targets

MINNESOTA

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of property taxes
- Put all property tax and exemption forms on a centralized website
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact legislation favoring *Joyce* over *Finnegan*
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Seek legislation to enact 80-20 FOC exclusion

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November 2017

Summary for MINNESOTA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: C
 - Property tax laws and regulations are not available on a centralized website, limited forms are available
 - Valuation of property available via a website at the local level
- Simplicity & Consistency: C
 - Department of Revenue's Property Tax Division oversees counties' administration
 - Localities have preferences for their local forms though Commissioner prescribes standardized forms for all applications
 - Due dates are not consistent
 - No *de minimis* exclusion
 - Assessment ratios vary greatly by property type and there are 35 classifications
 - Annual appraisal cycle with inspection every five years
- Procedural Fairness: C
 - Interest rates for underpayments and overpayments are not equal
 - Burden of proof is on taxpayer by preponderance of the evidence

State Tax Administration Overall Grade: B+

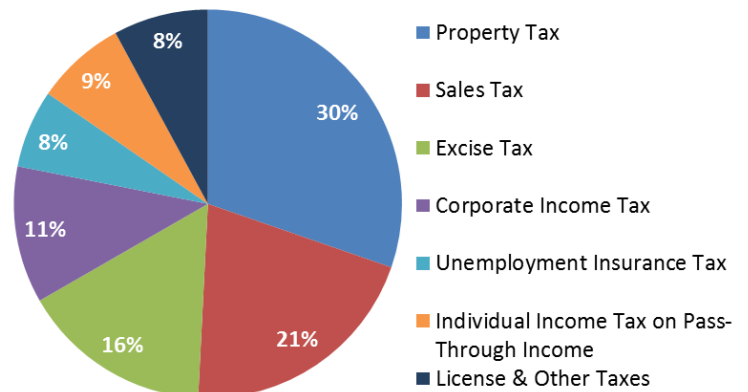
- No definition of final determination
- DOR does not have an official letter ruling program, but issues informal letters at its discretion
- Absent a prior field audit, DOR may make non-IRS adjustments post general statute to assess
- Return due on federal filing date

Unclaimed Property Statutes Overall Grade: C+

- Business-to-business transactions are not exempt
- 10-year period of limitations
- Unclaimed Property statutes do not address appeals
- Contingent fee audits are not banned
- No interest paid to owner, interest may be imposed on holder

FY16 State and Local Business Tax Burden (\$billions)

Minnesota	
Property Tax	4
Sales Tax	2.7
Excise Tax	2.1
Corporate Income Tax	1.5
Unemployment Insurance Tax	0.9
Individual Income Tax on Pass-Through	1
License & Other Taxes	1.1
Total Business Taxes	13.3
Total Effective Business Tax Rate	4.5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **43%**

* COST Scorecards

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COST Studies

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

MISSISSIPPI

- Seek *de minimis* exclusion for business property taxes
- Equalize interest rates for underpayments and overpayments of property taxes
- Put all property tax and exemption forms on a centralized website
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group
- Seek legislation to enact 80/20 FOC exclusion
- Seek repeal of throwback statute

About COST:

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November 2017

Summary for MISSISSIPPI Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **C**
 - Limited property tax forms are available on a centralized website
 - Property taxpayers receive valuation notice but with unclear appeals process information
 - Valuation of property available via a website at the local level
- Simplicity & Consistency: **C**
 - Tax Commission provides guidance to local governments
 - Localities have preferences for their local forms though standardized forms are available
 - No *de minimis* exclusion for business property
 - Assessment ratios vary greatly by property type; there are no assessment caps
 - Appraisal cycle is every four years for real property
 - Intangible property is taxable unless specifically exempt
- Procedural Fairness: **C**
 - Appeal period is either 10 or 20 days
 - Burden of proof is on taxpayer to prove excessive assessment by two or more competent witnesses who know of their own personal knowledge that the property is assessed for a higher sum than its true value
 - No ability to escrow or defer payment on disputed tax

State Tax Administration Overall Grade: B

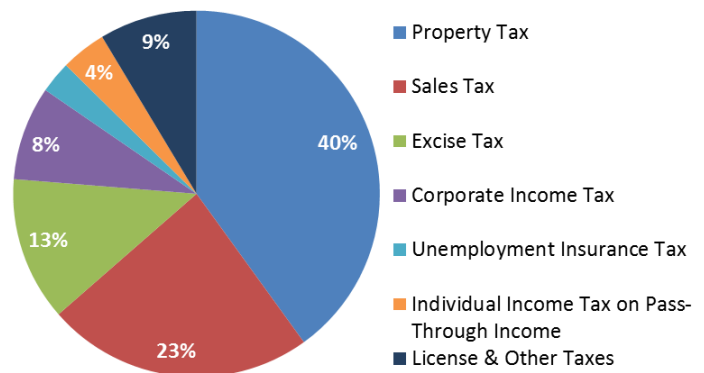
- Interest rates for underpayment and overpayment are not equal
- No definition of final determination; IRS changes must be reported within 30 days on an amended return
- Private letter rulings are not published; DOR does not publish decisions of its review board, and Board of Tax Appeals decisions are not published. Declaratory opinions are rare and unredacted

Unclaimed Property Statutes Overall Grade: D-

- Business-to-business transactions are not exempt
- No period of limitations
- Unclaimed Property statutes do not address appeals
- Contingent fee audits are not banned
- Gift certificates are not exempt
- Penalty for willful failure to report is \$5 per day; for willful failure to pay: \$5-\$100 or up to six-month imprisonment, or both
- Owner only entitled to pre-conversion/liquidation interest. Interest may be imposed on holder

FY16 State and Local Business Tax Burden (\$billions)

Mississippi	
Property Tax	2.2
Sales Tax	1.3
Excise Tax	0.7
Corporate Income Tax	0.5
Unemployment Insurance Tax	0.2
Individual Income Tax on Pass-Through	0.2
License & Other Taxes	0.5
Total Business Taxes	5.6
Total Effective Business Tax Rate	6.3%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **37%**

* COST Scorecards

[The Best and Worst of International Property Tax Administration Scorecard – September 11, 2014](#)

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COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

MISSOURI

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Increase time for filing a federal change to at least 180 days from final determination.
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek repeal of throwback statute

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November 2017

Summary for MISSOURI Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **C**
 - There is a link to the state code under Resources on the STC website, but not tax specific laws or regulations
 - Most property tax forms are no available on a centralized website
 - Property taxpayers receive valuation notice if there is an increase over the prior year
 - Valuation of property available via a website at the local level
- Simplicity & Consistency: **C**
 - Tax Commission assists county assessors
 - Standardized forms are available except for locally assessed personal property
 - No *de minimis* exclusion
 - Assessment ratios vary greatly by property type; there are no assessment caps
 - Intangible property is taxable
- Procedural Fairness: **B**
 - Interest rate on underpayments is 3%. Interest rate on overpayments was 0.7% for second quarter of 2013
 - Appeal period is less than 60 days
 - Taxes either must be paid or the taxpayer is subject to delinquent penalties. If paid under protest, the collector escrows the disputed amount

State Tax Administration Overall Grade: B

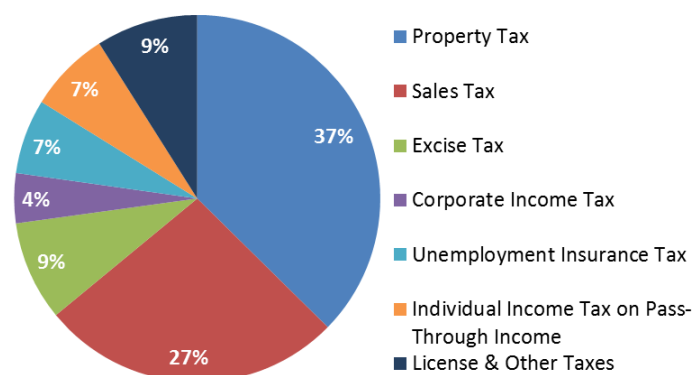
- Tax appeals are heard by a commission not required to have tax experience and which hears all types of executive agency appeals.
- Interest rates for underpayment and overpayment are not equal
- Only 30 days to appeal a final decision to the Administrative Hearing Commission
- New issues to support claims for Refund may not be raised at the AHC

Unclaimed Property Statutes Overall Grade: D

- Business-to-business transactions are not exempt
- No period of limitations except for actions related to property vested in holder prior to August 1984 or held in a fiduciary capacity prior to August 1974
- No independent appeals process, but holder may request reconsideration by the Treasurer, and may contest estimation techniques in an appeal *de novo* to circuit court
- Contingent fee audits are not banned
- Gift certificates are not exempt but those redeemable in merchandise only shall be reportable at 60% of their face value
- Penalty for willful failure to report is 5% per month; for willful failure to pay/fraudulent report: \$100 per day and Class A/B misdemeanor (up to 12 months imprisonment)

FY16 State and Local Business Tax Burden (\$billions)

Missouri	
Property Tax	3.4
Sales Tax	2.4
Excise Tax	0.8
Corporate Income Tax	0.4
Unemployment Insurance Tax	0.6
Individual Income Tax on Pass-Through	0.7
License & Other Taxes	0.8
Total Business Taxes	9.1
Total Effective Business Tax Rate	3.5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **46%**

* COST Scorecards

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COST Studies

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

MONTANA

- Increase timetable to protest an assessment to at least 60 days
- Repeal tax haven language
- Seek to repeal domestic disclosure spreadsheet language
- Provide a clear definition of “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group

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November 2017

Summary for MONTANA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **B**
- Simplicity & Consistency: **B**
- Procedural Fairness: **C**
 - Appeal must be filed by later of 30 days after notice or first Monday in June
 - Taxes must be paid in full by due date; disputed taxes can be paid under protest

State Tax Administration Overall Grade: B

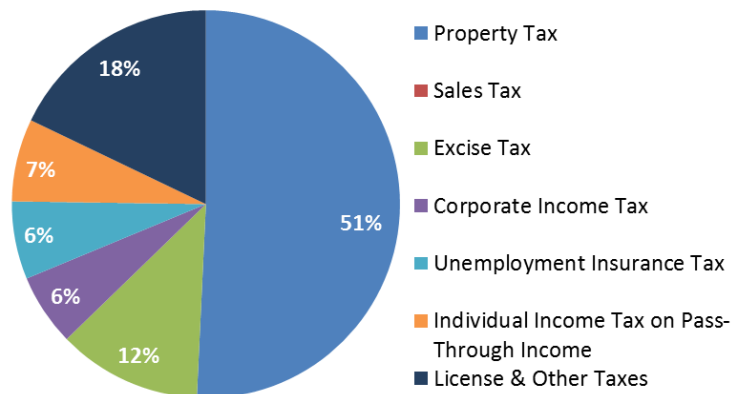
- Only 30 days to protest an assessment
- No definition of final determination
- State does not provide private letter rulings, publishes declaratory rulings unredacted, and only select State Tax Appeal Board decisions are provided online.

Unclaimed Property Statutes Overall Grade: D

- No exemption for business-to-business transactions
- Contingent fee audits are not banned for unclaimed property
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Gift certificates not exempt; redeemable in merchandise only and reportable at 60% face value

FY16 State and Local Business Tax Burden (\$billions)

Montana	
Property Tax	1
Sales Tax	N/A
Excise Tax	0.2
Corporate Income Tax	0.1
Unemployment Insurance Tax	0.1
Individual Income Tax on Pass-Through	0.1
License & Other Taxes	0.4
Total Business Taxes	2
Total Effective Business Tax Rate	5.1%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **N/A**

* COST Scorecards

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COST Studies

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

NEBRASKA

- Equalize interest rates for underpayments and overpayments of property taxes
- Incorporate a true independent tax dispute forum
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 7 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Seek legislation to enact 80-20 FOC exclusion

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 November 2017

Summary for NEBRASKA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **B**
- Simplicity & Consistency: **B**
- Procedural Fairness: **D**
 - Unequal Interest Rates: No interest paid for overpayments, 14%/year interest on underpayments
 - No ability for taxpayer to escrow/defer payment on disputed property tax
 - No 60-Day Appeal: Notices sent by June 1, and appeals must be filed by June 30
 - No ability for taxpayer to escrow/defer payment on disputed property tax

State Tax Administration Overall Grade: B-

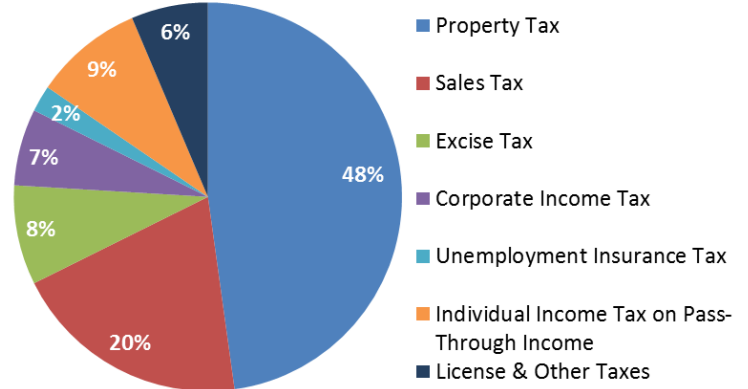
- No independent tax tribunal
- Return due on federal filing date
- A limited number of revenue rulings and General Information Letters are available
- Private letter rulings and administrative decisions of the Tax Commissioner are not published.

Unclaimed Property Statutes Overall Grade: D

- No exemption for business-to-business transactions
- Contingent fee audits are not banned for unclaimed property
- 7-year period of limitations
- No independent appeals process, but any aggrieved person may appeal Treasurer's decision in accordance with the Administrative Procedure Act
- Gift certificates without an expiration date or finance charge are exempt

FY16 State and Local Business Tax Burden (\$billions)

Nebraska	
Property Tax	2.3
Sales Tax	1
Excise Tax	0.4
Corporate Income Tax	0.3
Unemployment Insurance Tax	0.1
Individual Income Tax on Pass-Through	0.4
License & Other Taxes	0.3
Total Business Taxes	4.8
Total Effective Business Tax Rate	4.8%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **49%**

* COST Scorecards

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

NEVADA

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Provide *de novo* appeal for property tax appeals to an independent tribunal
- Incorporate a true independent tax dispute forum
- Increase timetable to protest an assessment to at least 60 days
- Remove tax controversies from the scope of state *qui tam* statutes
- Shorten statute of limitations for unclaimed property reporting and liability from 7 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group

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November 2017

Summary for NEVADA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: D+

- Transparency: **D**
 - Notice of secured roll assessments, but no requirement for appeals information to be included. Notice on how to appeal valuation published in county newspaper and posted on courthouse door. No notice of personal property valuation or how to appeal it.
 - Website access to tax forms and claims to request exemptions very limited
 - Document explaining property tax structure at state/local level found on Internet but not easy for layperson to understand
 - Website access to tax laws and regulations difficult to find
- Simplicity & Consistency: **C**
 - Central Oversight: Technically, the Tax Commission establishes uniform policies and procedures, but assessors retain a large degree of autonomy
- Procedural Fairness: **D**
 - Unequal Interest Rates: 0.25%/month interest paid for overpayments, 10%/year interest on underpayments
 - No *de novo* review at independent tribunal level; the appeal to the State Board of Equalization is based on the record made before the county board
 - No ability for taxpayer to escrow/defer payment on disputed property tax; taxes must be paid under protest prior to commencing the suit

State Tax Administration Overall Grade: D+

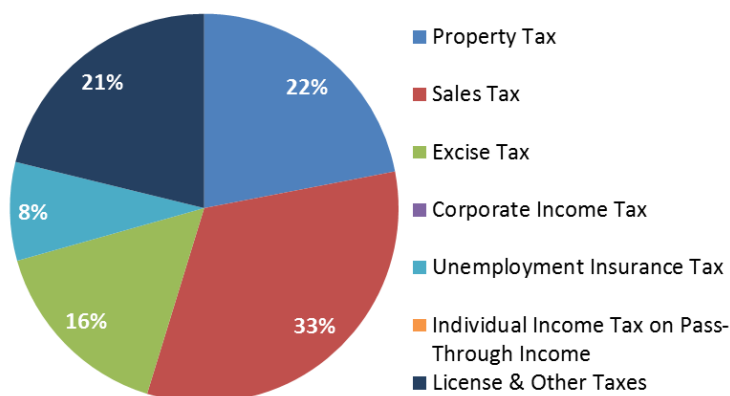
- No independent tax dispute forum; appeal to NV Tax Commission is on the record established by Department of Taxation's Hearing Officer
- Pay-to-Play: Taxpayers required to prepay or enter a payment agreement
- Unequal Interest Rates: Underpayment – 0.75%/month, Overpayment – 0.25%/month
- Only 45 days to protest an assessment
- Department of Taxation issues binding written guidance (not usually redacted); hearing decisions released only to the parties in the hearings; NV Tax Commission meetings are open, but results not published
- The Commerce Tax reporting period for all taxpayers is the state fiscal year, which is July 1 through June 31
- Exempt taxpayers and taxpayers under the \$4,000,000 liability threshold are required to provide detailed information (this is the bulk of taxpayers filing the Commerce Tax return).

Unclaimed Property Statutes Overall Grade: C-

- Contingent fee audits are not banned for unclaimed property
- Unclaimed property statutes do not address appeals
- 7-year period of limitations
- Gift certificates without expiration dates are exempt; those sold with expiration date presumed abandoned as of expiration date and must be reported at 60% face value

FY16 State and Local Business Tax Burden (\$billions)

Nevada	
Property Tax	1.5
Sales Tax	2.2
Excise Tax	1.1
Corporate Income Tax	N/A
Unemployment Insurance Tax	0.5
Individual Income Tax on Pass-Through	N/A
License & Other Taxes	1.4
Total Business Taxes	6.7
Total Effective Business Tax Rate	5.3%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **41%**

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

NEW HAMPSHIRE

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Seek to apply statute of limitations even-handedly to both assessments and refunds
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property, not just the ones valued at \$100 or less
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Repeal throwback statute
- Seek legislation to enact 80-20 FOC exclusion

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November 2017

Summary for NEW HAMPSHIRE Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **C**
 - General document(s) explaining property tax structure at state/local level found on Internet
 - Property taxpayers receive a valuation notice, but appeals information not required to be included
 - Property taxpayers cannot obtain general valuation information about other assessments via website
- Simplicity & Consistency: **C**
 - Inconsistent Due Dates: Reports are due April 15; Payments due December 1. Localities can choose to make payments due semi-annually or quarterly
 - No *de minimis* exclusion
 - Intangible property is taxable
- Procedural Fairness: **C**
 - Unequal Interest Rates: 6%/year interest for overpayments, 12%/year interest on underpayments
 - Taxpayer can escrow/defer the disputed property tax but the board may require a bond to be paid for the amount of taxes owed and any unpaid amounts will accrue interest and penalties

State Tax Administration Overall Grade: B-

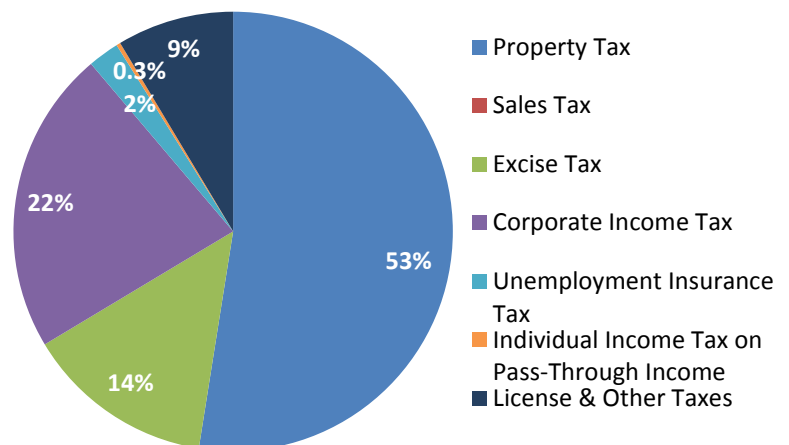
- Unequal statutes of limitations and interest rates
- Extension is not automatic
- DRA hearings bureau does not publish decisions

Unclaimed Property Statutes Overall Grade: D

- No exemption for business-to-business transactions
- No period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY16 State and Local Business Tax Burden (\$billions)

New Hampshire	
Property Tax	1.6
Sales Tax	N/A
Excise Tax	0.4
Corporate Income Tax	0.7
Unemployment Insurance Tax	0.1
Individual Income Tax on Pass-Through	0
License & Other Taxes	0.3
Total Business Taxes	3.1
Total Effective Business Tax Rate	4.6%



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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

NEW JERSEY

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group

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November 2017

Summary for NEW JERSEY Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **B**
- Simplicity & Consistency: **C**
 - No *de minimis* exclusion
 - Real property does not have a revaluation schedule
- Procedural Fairness: **C**
 - Unequal Interest Rates: Interest on overpayments is 5%/year, interest on underpayments is up to 8%/year (for first \$1,500) and 18%/year thereafter
 - No ability for taxpayer to escrow/defer payment on disputed property tax; both current and back taxes must be paid
 - Personal property affixed to real property is taxed as real property
 - To appeal, a business entity must hire an attorney admitted to practice in New Jersey

State Tax Administration Overall Grade: C+

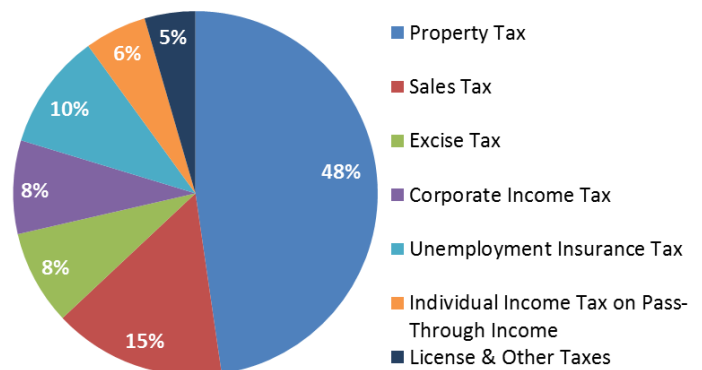
- Taxpayers must post bond or pay tax when appealing a Tax Court decision
- Unequal interest rates for underpayment and overpayment
- Corporate return extension is not automatic, must file Tentative Return Form CBT-200T
- Taxpayers only have 90 days to report federal corporate tax changes
- Decisions of the Conferences and Appeals Branch are not publicly released
- There is a limited ability for taxpayers to file a claim for refund if the assessment appeal period is missed

Unclaimed Property Statutes Overall Grade: D

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property
- Gift certificates not exempt; those issued after 7/1/2010 presumed abandoned at 60% face value
- Penalty Provisions: Willful failure to report – \$200/day (\$100,000 max); Willful failure to pay - \$1,000/day (\$250,000 max) plus 25% value of unpaid property

FY16 State and Local Business Tax Burden (\$billions)

New Jersey	
Property Tax	12.8
Sales Tax	4.1
Excise Tax	2.3
Corporate Income Tax	2.2
Unemployment Insurance Tax	2.7
Individual Income Tax on Pass-Through	1.5
License & Other Taxes	1.2
Total Business Taxes	26.8
Total Effective Business Tax Rate	5.3%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **39%**

* COST Scorecards

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List of Legislative Targets

NEW MEXICO

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of property taxes
- Put all property tax and exemption forms on a centralized website
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Incorporate a true independent tax dispute forum
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for examination of unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Repeal mandatory unitary combined reporting as required for certain retailers
- Seek legislation to enact 80/20 FOC exclusion
- Seek repeal of throwback statute

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November 2017

Summary for NEW MEXICO Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **B**
- Simplicity & Consistency: **C**
 - No *de minimis* exclusion
 - Assessment Not Equal: Assessed value is 33% of full value. There are assessment caps on annual increases on valuation for most residential properties, but there is a 3% to 6.1% limit on valuation increases
- Procedural Fairness: **C**
 - Unequal Interest Rates: Interest on overpayments is 1% per month. Property taxes under protest are placed in the county's interest-earning suspense fund. Interest is provided on a pro rata share of the investment earnings
 - The Taxation and Revenue Department Property Tax Division consistently contests claims of obsolescence for centrally assessed property, regardless of basis

State Tax Administration Overall Grade: B+

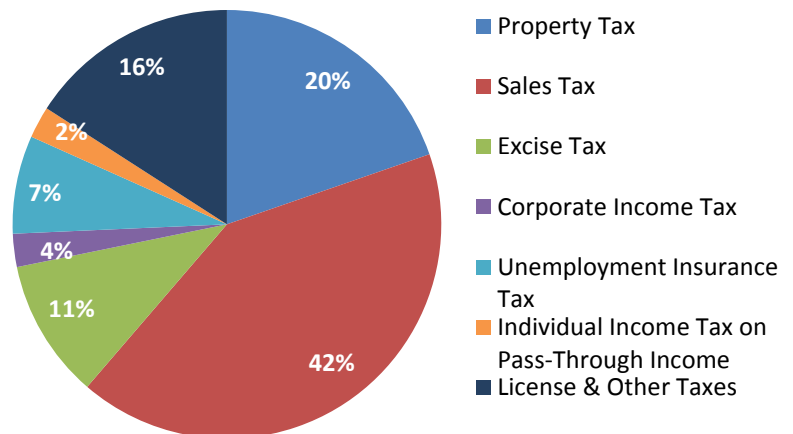
- Interest from overpayment and underpayment calculated using different start dates
- Return due on federal filing date
- The statute of limitations for the State and taxpayers are different
- Whether the state or taxpayers may adjust items beyond federal changes is unclear

Unclaimed Property Statutes Overall Grade: D

- No exemption for business-to-business transactions
- 10-year period of limitations for examination
- No independent appeals process, but a person aggrieved by a final decision of the administrator may appeal to district court
- Contingent fee audits are not banned for unclaimed property
- Gift certificates not exempt; those redeemable in merchandise only presumed abandoned at 60% face value
- Penalty Provisions: Failure to report or pay – \$100/day (\$5,000 max); Willful failure to report or pay - \$250/day (\$7,500 max) plus 25% value of unpaid property

FY16 State and Local Business Tax Burden (\$billions)

New Mexico	
Property Tax	0.9
Sales Tax	1.9
Excise Tax	0.5
Corporate Income Tax	0.1
Unemployment Insurance Tax	0.3
Individual Income Tax on Pass-Through	0.1
License & Other Taxes	0.7
Total Business Taxes	4.6
Total Effective Business Tax Rate	6.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **55%**

* COST Scorecards

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COST Studies

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List of Legislative Targets

NEW YORK

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Remove tax controversies from the scope of state *qui tam* statutes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide clear definition of “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Seek legislation repealing *Finnegan* and enacting *Joyce* rules
- Seek legislation to enact 80-20 FOC exclusion

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November 2017

Summary for NEW YORK Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **B**
- Simplicity & Consistency: **D**
 - Report dates are consistent, but payment dates vary by locality
 - No *de minimis* exclusion
 - Assessment Not Equal: Ratios vary by local jurisdiction; effective tax rate on commercial/industrial property 4.981 times higher than tax rate on residential property in New York City (2013); 2% limit on levy increases
 - Inconsistent Appraisal Cycle: Some jurisdictions revalue annually, while others have not reassessed in many decades
- Procedural Fairness: **D**
 - Unequal Interest Rates: Interest on overpayments is federal short-term rate plus 2%, interest on underpayments is the federal short-term rate plus 5.5%
 - No ability for taxpayer to escrow/defer payment on disputed property tax
 - No 60-Day Appeal: At least 10 days, but each jurisdiction may choose their hearing dates and posting dates for the assessment rolls

State Tax Administration Overall Grade: C

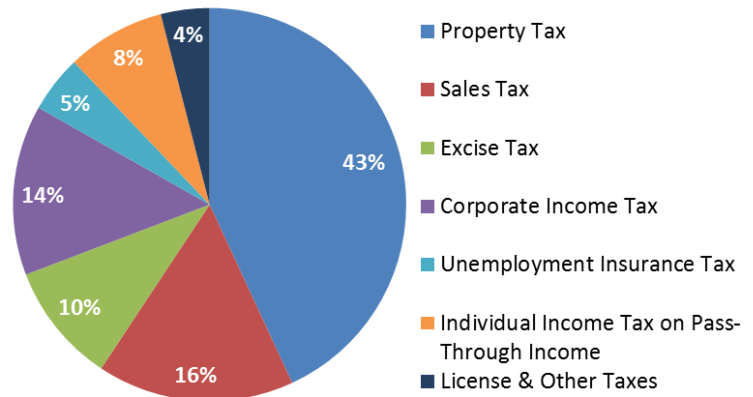
- Deficiencies of sales/use tax and corporate franchise tax must be paid to establish appellate jurisdiction
- Overpayment and underpayment use different interest rates and different calculation periods
- No automatic extension
- Repeated passage of retroactive legislation;
- *Qui tam* lawsuits allowed

Unclaimed Property Statutes Overall Grade: D-

- No exemption for business-to-business transactions
- No period of limitations
- No independent appeals process, but holder may institute a proceeding within 90 days under NY civil procedure law
- Contingent fee audits are not banned for unclaimed property
- Gift certificates not exempt
- Penalty Provisions: Failure to report – \$100/day no maximum); Fraudulent report – punishable as perjury

FY16 State and Local Business Tax Burden (\$billions)

New York	
Property Tax	32.3
Sales Tax	12.2
Excise Tax	7.4
Corporate Income Tax	10.5
Unemployment Insurance Tax	3.5
Individual Income Tax on Pass-Through	6.1
License & Other Taxes	3
Total Business Taxes	75
Total Effective Business Tax Rate	5.8%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **53%**

* COST Scorecards

[The Best and Worst of International Property Tax Administration Scorecard – September 11, 2014](#)

[The Best and Worst of State Tax Administration – December 2016](#)

[The Best and Worst of State Unclaimed Property Laws – October 2, 2013](#)

COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

NORTH CAROLINA

- Equalize interest rates for underpayments and overpayments of property taxes
- Increase timetable to protest an assessment to at least 60 days
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group

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November 2017

Summary for NORTH CAROLINA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **C**
 - Information explaining property tax system is brief and incomplete
 - Actual notice is required for discovered property; a written objection is required to keep the assessment from becoming final
- Simplicity & Consistency: **B**
- Procedural Fairness: **C**
 - Unequal Interest Rates: Interest on overpayments is 5%/year, interest on underpayments is the 2% for first month and 0.75% each month thereafter
 - No ability for taxpayer to escrow payment on disputed property tax, but taxpayer may choose not to pay the contested amount, pay a partial amount, or pay the entire amount; however, interest and penalties accrue on unpaid portion during the appeals process

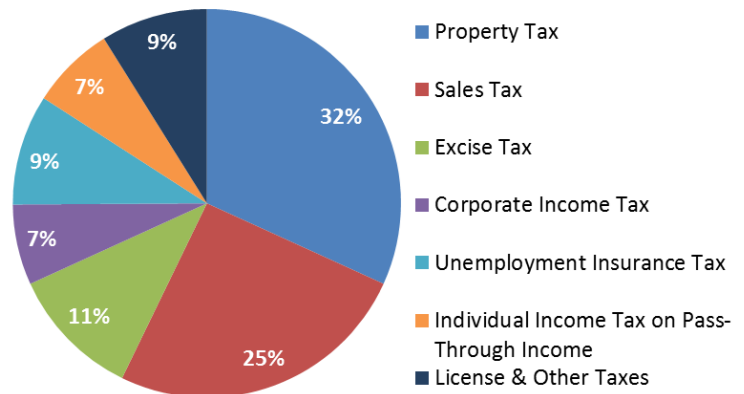
State Tax Administration Overall Grade: B

- Minimal opportunity to supplement the record during an appeal
- Tax, penalties, and interest must be paid to establish appellate jurisdiction
- Statute of limitations for an assessment is longer than for a refund
- Less than 60 (45) days to protest an assessment
- No automatic extension
- No definition of final determination

Unclaimed Property Statutes Overall Grade: A-

FY16 State and Local Business Tax Burden (\$billions)

North Carolina	
Property Tax	5.1
Sales Tax	4.1
Excise Tax	1.8
Corporate Income Tax	1.1
Unemployment Insurance Tax	1.5
Individual Income Tax on Pass-Through	1.1
License & Other Taxes	1.4
Total Business Taxes	16
Total Effective Business Tax Rate	3.6%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **39%**

* COST Scorecards

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

NORTH DAKOTA

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Provide *de novo* appeal for property tax appeals to an independent tribunal
- Incorporate a true independent tax dispute forum
- Increase timetable to protest an assessment to at least 60 days
- Seek to repeal domestic disclosure spreadsheet language
- Seek to apply statute of limitations even-handedly to both assessments and refunds
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Seek repeal of throwback statute
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group

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November 2017

Summary for NORTH DAKOTA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **C**
 - Actual notice is required when property's value increases by more than 10% and \$3,000 from previous valuation
 - Valuation of property available via website at local level
- Simplicity & Consistency: **B**
- Procedural Fairness: **D**
 - Unequal Interest Rates: 10%/year interest paid for overpayments, 12%/year interest on underpayments
 - No 60-day appeal, only 15 days
 - No *de novo* review at independent tribunal level

State Tax Administration Overall Grade: D+

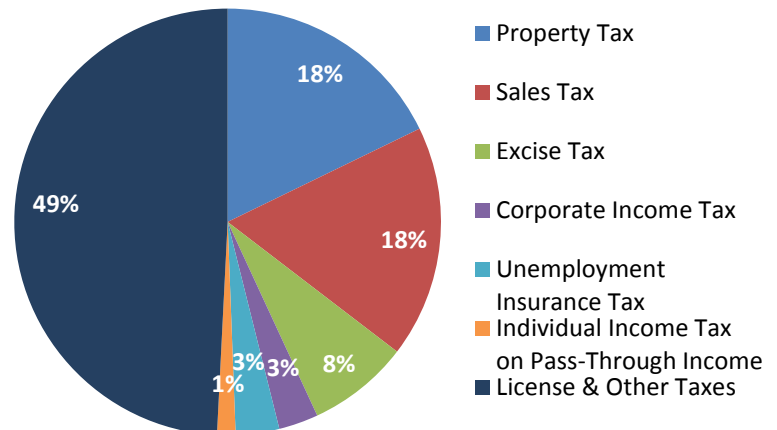
- No independent tax dispute forum
- Appealing an order of an administrative agency does not stay the enforcement without a court order
- Unequal Interest Rates for Sales & Use Taxes: Underpayment – 10%/year, Overpayment – 1%/month
- Only 30 days to protest an assessment
- The time for taxpayers to seek refunds or offsets is unknown
- No letter rulings or administrative rulings available on ND DOR website

Unclaimed Property Statutes Overall Grade: D

- No exemption for business-to-business transactions
- No period of limitations
- Contingent fee audits are not banned for unclaimed property
- Unclaimed property statutes do not address appeals
- Gift certificates and gift cards not addressed in the unclaimed property law
- Penalty Provisions: Willful Failure to Report - \$100/day (up to 100% value that should have been paid); Willful Failure to Pay – 25% of value that should have been paid; Willful Refusal to Pay – Class B Misdemeanor (imprisonment)

FY16 State and Local Business Tax Burden (\$billions)

North Dakota	
Property Tax	0.6
Sales Tax	0.6
Excise Tax	0.3
Corporate Income Tax	0.1
Unemployment Insurance Tax	0.1
Individual Income Tax on Pass-Through	0
License & Other Taxes	1.7
Total Business Taxes	3.4
Total Effective Business Tax Rate	7.0%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **43%**

* COST Scorecards

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COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)
[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

OHIO

- Seek higher *de minimis* exclusion for property taxes (currently only \$2.00)
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation repealing *Finnegan* in favor of *Joyce* rules
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Enact legislation allowing FOC 80/20 exclusion

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November 2017

Summary for OHIO Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **C**
 - Property tax regulations (rules) on centralized website, but not the laws
 - Information explaining property tax system is on an Internet document, but not the appeals process
 - Valuation of property available via website at county level
- Simplicity & Consistency: **C**
 - Inconsistent Due Dates: Report dates vary; payments due December 31 and June 20
 - *De minimis* exclusion only allowed if property tax less than \$2.00 (may be cancelled)
 - Unequal Assessment: Real property valued at 35% (except land devoted to agricultural use); personal property exempt (generally); certain public utilities still subject to tax
- Procedural Fairness: **B**
 - Third parties, e.g., school districts, can appeal real property values

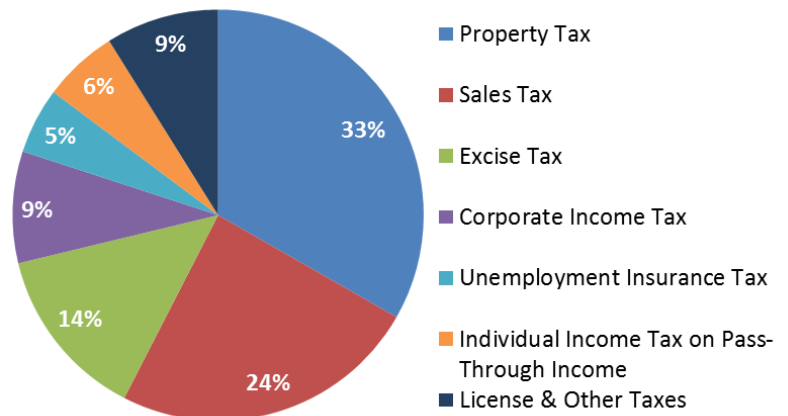
State Tax Administration Overall Grade: B+

- Only two of three Board of Tax Appeals members are required to have tax experience.
- No definition of final determination
- Tax Commissioner opinions are rarely published

Unclaimed Property Statutes Overall Grade: B

FY16 State and Local Business Tax Burden (\$billions)

Ohio	
Property Tax	7.3
Sales Tax	5.3
Excise Tax	3
Corporate Income Tax	1.9
Unemployment Insurance Tax	1.1
Individual Income Tax on Pass-Through	1.3
License & Other Taxes	2
Total Business Taxes	22
Total Effective Business Tax Rate	4.0%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **51%**

* COST Scorecards

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COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

OKLAHOMA

- Seek *de minimis* exclusion for property taxes
- Eliminate business-to-business transactions from the definition of unclaimed property
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group
- Seek repeal of throwback statute

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November 2017

Summary for OKLAHOMA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **B**
- Simplicity & Consistency: **C**
 - Inconsistent Due Dates: Report dates vary; payments due December 31 and June 20
 - No *de minimis* exclusion
 - Unequal Assessment: Ratios vary by property type (10% - 22.85%); 3% assessment cap on homesteads and agricultural real property; 5% assessment cap on all other property types
- Procedural Fairness: **B**
 - No 60-day appeal, only 20 days
 - Third parties, e.g., school districts, can appeal real property values

State Tax Administration Overall Grade: B

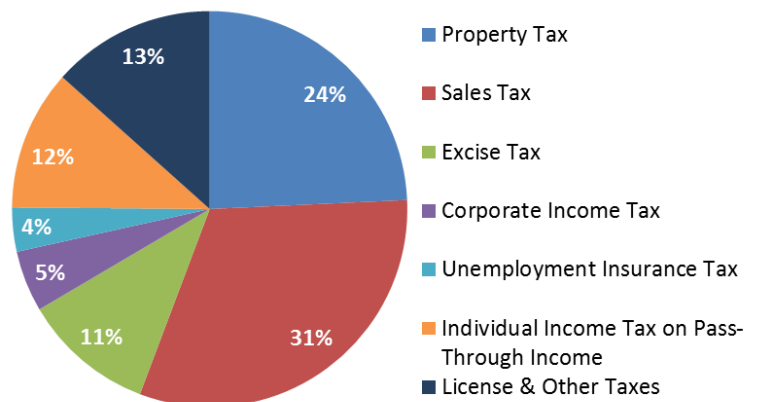
- Sales and Use tax statute of limitations different for assessments and refunds
- Excessively high interest rates
- Corporate returns due 30 days after federal return
- No definition of final determination
- State has longer to file an assessment than taxpayer has to request a refund

Unclaimed Property Statutes Overall Grade: C

- No exemption for business-to-business transactions
- No independent appeals process, but Oklahoma Administrative Code provides procedures to protest an examination
- Contingent fee audits are not banned for unclaimed property
- Gift certificates not exempt

FY16 State and Local Business Tax Burden (\$billions)

Oklahoma	
Property Tax	1.6
Sales Tax	2.1
Excise Tax	0.7
Corporate Income Tax	0.3
Unemployment Insurance Tax	0.2
Individual Income Tax on Pass-Through	0.8
License & Other Taxes	0.9
Total Business Taxes	6.6
Total Effective Business Tax Rate	4.2%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **53%**

* COST Scorecards

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COST Studies

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

OREGON

- Increase timetable to protest an assessment to at least 60 days
- Repeal tax haven language
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek repeal of throwback statute
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Enact FOC 80/20 exclusion

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November 2017

Summary for OREGON Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: B
- Simplicity & Consistency: C
 - Assessments on centrally assessed properties are taxable
- Procedural Fairness: A

State Tax Administration Overall Grade: B

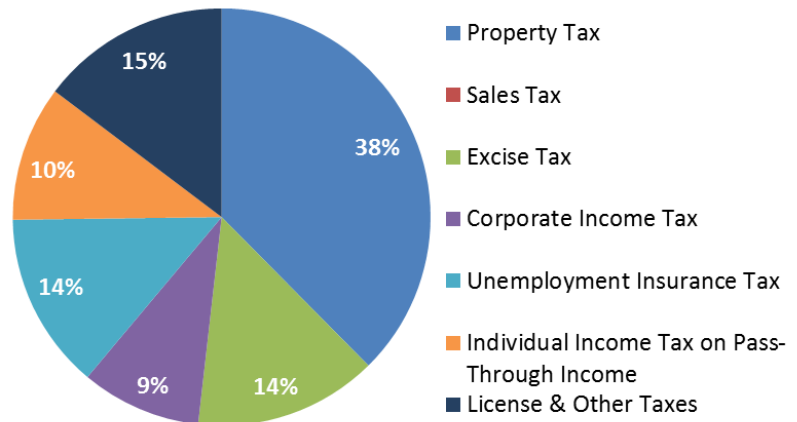
- Payment is required for an appeal past the Magistrate Division
- Returns due on 15th day of the month following filing of federal return
- No definition of final determination
- Rarely issues declaratory rulings, preferring nonbinding, unpublished letters

Unclaimed Property Statutes Overall Grade: C-

- No exemption for business-to-business transactions
- No period of limitations
- No independent appeals process, but a holder may request an administrative hearing within 21 days, or collaborative dispute resolution
- Contingent fee audits are not banned for unclaimed property
- Gift certificates not exempt; Oregon unclaimed property statutes do not address gift certificates or gift cards

FY16 State and Local Business Tax Burden (\$billions)

Oregon	
Property Tax	2.7
Sales Tax	N/A
Excise Tax	1
Corporate Income Tax	0.7
Unemployment Insurance Tax	1
Individual Income Tax on Pass-Through	0.8
License & Other Taxes	1.1
Total Business Taxes	7.2
Total Effective Business Tax Rate	3.7%



* COST Scorecards

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COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

PENNSYLVANIA

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 15 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek repeal of throwback statute

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 November 2017

Summary for PENNSYLVANIA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: D

- Transparency: **D**
 - Property tax laws and regulations not on a centralized website
 - Property tax forms not on a centralized website
 - No Internet document explaining property tax system; limited FAQs on website
- Simplicity & Consistency: **D**
 - No standardized form; the only standardized form is for the property tax or rent rebate program
 - Dates vary by municipality
 - No *de minimis* exclusion
 - Inconsistent Appraisal Cycle: Appraisals occur at the discretion of the county (Allegheny County just revalued for the first time since 1983)
- Procedural Fairness: **C**
 - Burden of Proof: Once the board of assessment establishes a prima facie case by placing it on record, the burden shifts to the taxpayer to show sufficient, competent, credible, and relevant evidence to overcome the assessment's prima facie validity
 - Third parties, e.g., school districts, can appeal real property values

State Tax Administration Overall Grade: B

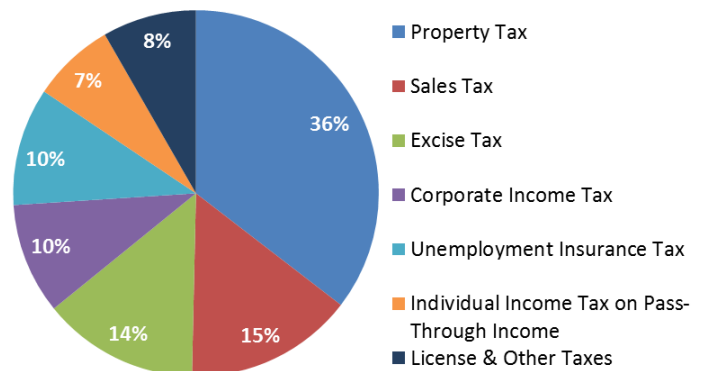
- Security is required to stay a collection action
- Interest rates are higher for taxpayer than for the state
- Final determination is not defined

Unclaimed Property Statutes Overall Grade: D

- No exemption for business-to-business transactions
- 15 year period of limitations
- No independent appeals process, but holders may petition for administrative review before designee of State Treasurer within 30 days
- Contingent fee audits are not banned for unclaimed property
- Penalty Provisions: Failure to Report - \$100/day (\$10,000 max); Failure to Pay – Misdemeanor or \$1,000/day (\$10,000 max), or up to 24 months of imprisonment, or both

FY16 State and Local Business Tax Burden (\$billions)

Pennsylvania	
Property Tax	10.5
Sales Tax	4.4
Excise Tax	4.1
Corporate Income Tax	2.9
Unemployment Insurance Tax	3.1
Individual Income Tax on Pass-Through	2.2
License & Other Taxes	2.5
Total Business Taxes	29.6
Total Effective Business Tax Rate	4.6%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **39%**

* COST Scorecards

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COST Studies

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

RHODE ISLAND

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Increase timetable to protest an assessment to at least 60 days
- Repeal tax haven language
- Remove tax controversies from the scope of state *qui tam* statutes
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination.
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek repeal of throwback statute
- Seek legislation repealing *Finnegan*, and enact *Joyce* rules
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Ban contingent fee audits

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November 2017

Summary for D.C. Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: D+

- Transparency: **D**
 - Property tax laws on centralized website (difficult to find), but not the regulations
 - Property tax forms on centralized website extremely limited; no exemption requests
 - No Internet document explaining property tax system
 - Property taxpayers receive valuation notice, but it does not include information on how to appeal
- Simplicity & Consistency: **C**
 - Inconsistent Due Dates: Dates vary by municipality
 - No *de minimis* exclusion
 - Unequal Assessment: Ratios vary by municipality; no fair market value standard for utilities; no assessment caps, but there is a 4% limit on tax levy increases
- Procedural Fairness: **C**
 - Unequal Interest Rates: 3.25%/year interest paid for overpayments, 18%/year interest on underpayments
 - Burden of Proof on taxpayer by preponderance of the evidence, unless fraud is alleged – in which case the burden on taxpayer to show clear and convincing evidence
 - Assets not in use still subject to taxation

State Tax Administration Overall Grade: C

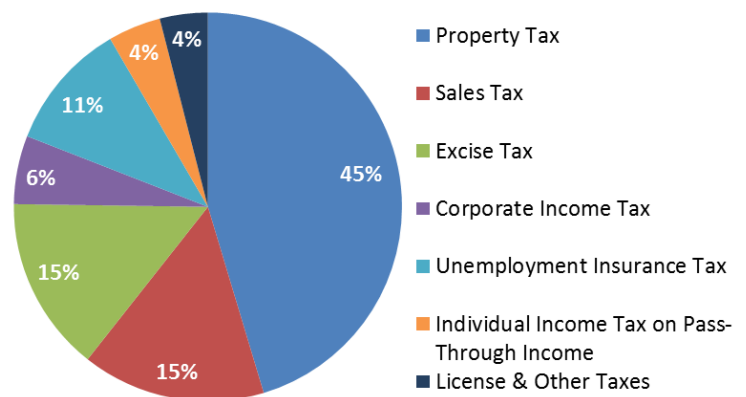
- No independent tax dispute forum
- Prepayment required for appeals except for cases of hardship
- Interest rates are higher for taxpayer than for the state
- Only 30 days to protest an assessment
- Corporate return due date same as federal
- No definition of final determination

Unclaimed Property Statutes Overall Grade: C

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY16 State and Local Business Tax Burden (\$billions)

Rhode Island	
Property Tax	1.2
Sales Tax	0.4
Excise Tax	0.4
Corporate Income Tax	0.1
Unemployment Insurance Tax	0.3
Individual Income Tax on Pass-Through	0.1
License & Other Taxes	0.1
Total Business Taxes	2.5
Total Effective Business Tax Rate	5.2%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **46%**

* COST Scorecards

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COST Studies

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

SOUTH CAROLINA

- Seek *de minimis* exclusion for property taxes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Equalize interest rates for underpayments and overpayments
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group
- Seek legislation to enact 80/20 FOC exclusion
- Remove tax controversies from the scope of *qui tam* statutes

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November 2017

Summary for SOUTH CAROLINA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **C**
 - Property tax payers receive valuation notice, but only if the assessment value has increased by more than \$1,000
 - Property valuations available via website in some localities
- Simplicity & Consistency: **C**
 - Inconsistent Due Dates: Report dates vary by property type; payment dates by city (dates range from September 30 through January 15)
 - No *de minimis* exclusion
 - Unequal Assessment: Ratios vary by property type (4% - 10.5%); manufacturers can use IRS basis in determining FMV; 15% assessment cap over every 5-year revaluation period; in Columbia, effective tax rate on commercial/industrial property 3.747 higher than residential property tax rate
- Procedural Fairness: **B**

State Tax Administration Overall Grade: B-

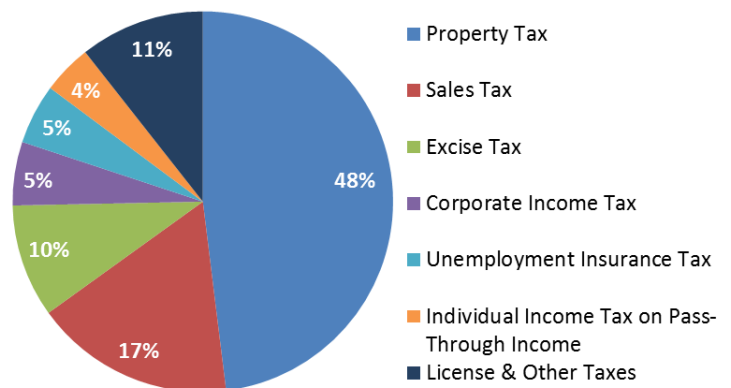
- Tax expertise not required for first level of taxpayer appeals
- Prepayment or bond required for appeal
- Interest rates are higher for taxpayer than for the state
- Extension is not automatic
- No definition of final determination

Unclaimed Property Statutes Overall Grade: C+

- No exemption for business-to-business transactions
- 10 year period of limitations
- No independent appeals process, but a person aggrieved by a decision of the administrator may file suit in Richland County Court of Common Claims
- Contingent fee audits are not banned for unclaimed property

FY16 State and Local Business Tax Burden (\$billions)

South Carolina	
Property Tax	3.9
Sales Tax	1.4
Excise Tax	0.8
Corporate Income Tax	0.4
Unemployment Insurance Tax	0.4
Individual Income Tax on Pass-Through	0.3
License & Other Taxes	0.9
Total Business Taxes	8.2
Total Effective Business Tax Rate	4.7%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **33%**

* COST Scorecards

[The Best and Worst of International Property Tax Administration Scorecard – September 11, 2014](#)

[The Best and Worst of State Tax Administration – December 2016](#)

[The Best and Worst of State Unclaimed Property Laws – October 2, 2013](#)

COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

SOUTH DAKOTA

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of property taxes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Incorporate a true independent tax dispute forum
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination.
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

About COST:

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November 2017

Summary for SOUTH DAKOTA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **B**
- Simplicity & Consistency: **B**
 - No *de minimis* exclusion
- Procedural Fairness: **D**
 - Unequal Interest Rates: 4%/year interest paid for overpayments, 10%/year interest on underpayments
 - Most property tax disputes are resolved before the due date, but if the appeal starts or continues after the due date, the entire amount of tax must be paid and a refund must be requested

State Tax Administration Overall Grade: C

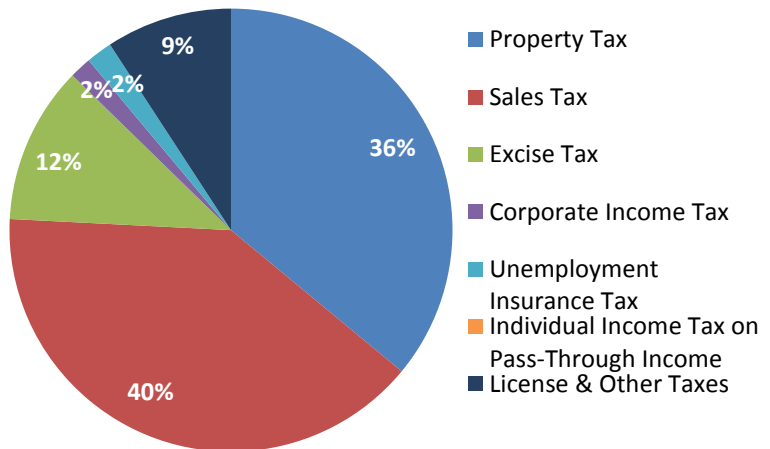
- No independent tax dispute forum; Secretary of Revenue reviews ALJ determinations, and the Circuit Court must accord “great weight” to findings and inferences on issues of fact made by the agency
- Prepayment or bond required for some appeals
- Financial institution tax return due 15 days after federal income tax return due
- No definition of “final determination”; federal changes must be reported within 60 days
- Neither private letter nor administrative hearing decisions are published

Unclaimed Property Statutes Overall Grade: C+

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY16 State and Local Business Tax Burden (\$billions)

South Dakota	
Property Tax	0.7
Sales Tax	0.8
Excise Tax	0.2
Corporate Income Tax	0
Unemployment Insurance Tax	0
Individual Income Tax on Pass-Through	N/A
License & Other Taxes	0.2
Total Business Taxes	2
Total Effective Business Tax Rate	4.7%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **53%**

* COST Scorecards

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COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

TENNESSEE

- Put all property tax and exemption forms on a centralized website
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Incorporate a true independent tax dispute forum
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group

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November 2017

Summary for TENNESSEE Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **C**
 - No property tax laws/regulations on a centralized website (nothing on comptroller's site)
 - No statutory requirement that notice on how to appeal be sent to the taxpayer; instead, information on appeals located in assessor's public records
- Simplicity & Consistency: **C**
 - Unequal Assessment: Real property grouped into 4 classes and each class is assessed differently; tangible personal property is grouped into 3 classes and each class is assessed differently; intangible personal property is assessed at 40% of its value; there are no assessment caps
 - Inconsistent Appraisal Cycle: Every 4 to 6 years
- Procedural Fairness: **B**

State Tax Administration Overall Grade: C

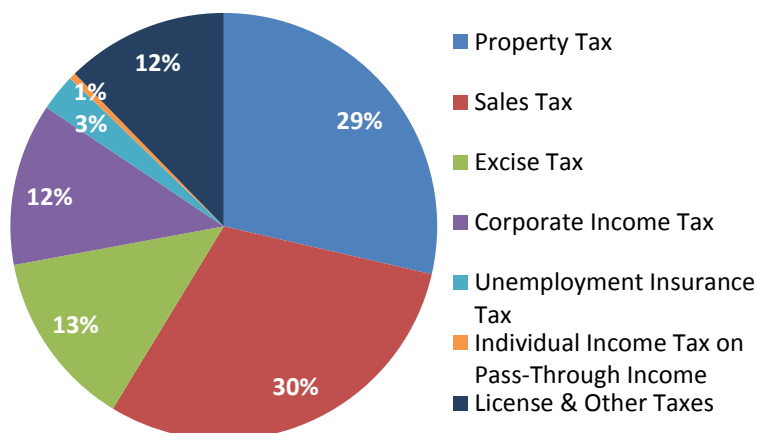
- No independent tax dispute forum
- Bond, letter of credit, or affidavit is required in the amount of 150% of the assessment
- Extension is not automatic
- No definition of "final determination"; federal changes must be reported but no statutory time period on when that must happen
- Redacted private letter and revenue rulings published at Commissioner's discretion; hearing office does not issue determinations, just year-end summaries of selected conference letters
- Assessment for additional tax deemed made by recording the liability at TN DOR and is valid even if no notice is provided to the taxpayer

Unclaimed Property Statutes Overall Grade: C+

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY16 State and Local Business Tax Burden (\$billions)

Tennessee	
Property Tax	3.6
Sales Tax	3.8
Excise Tax	1.7
Corporate Income Tax	1.5
Unemployment Insurance Tax	0.3
Individual Income Tax on Pass-Through	0.1
License & Other Taxes	1.5
Total Business Taxes	12.5
Total Effective Business Tax Rate	4.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **35%**

* COST Scorecards

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COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

TEXAS

- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Increase timetable to protest an assessment to at least 60 days
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Enact legislation allowing FOC 80/20 exclusion

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November 2017

Summary for TEXAS Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: B-

- Transparency: **B**
- Simplicity & Consistency: **B**
- Procedural Fairness: **C**
 - Unequal Interest Rates: 1%/month for overpayments but State gets 60 days to repay an overpayment without accruing interest; automatic 6% penalty on any underpayment

State Tax Administration Overall Grade: C

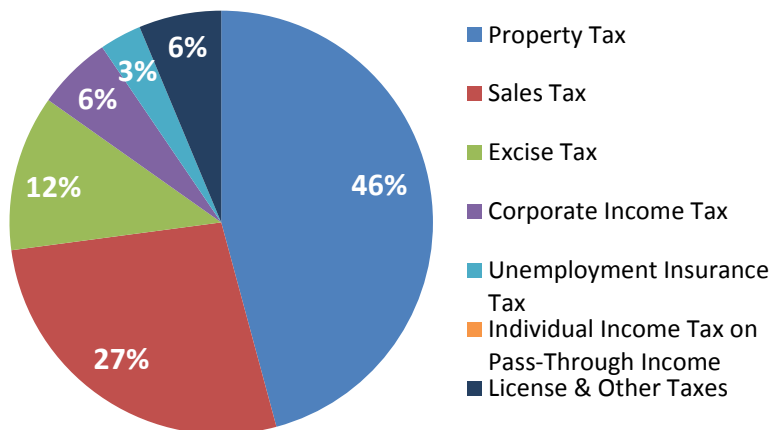
- There is an independent tax dispute forum (Tax Division of the State office of Administrative Hearings (SOAH)), however, the Comptroller retains the right to reject SOAH decisions
- Pay-to-Play: To avoid prepayment, the taxpayer must demonstrate inability to prepay and the court must grant relief
- Interest Rates may be equal: Underpayment – prime rate plus 1%. Overpayment – lesser of annual rate earned on state treasury deposits during December of previous year or prime rate plus 1%
- Only 30 days to protest an assessment
- Corporate Return Due Date and Extensions: Original due date is May 16th and extension to Nov. 15th is not automatic
- Reporting Federal corporate tax changes: IRS and non-IRS changes must be reported within 120 days; accordingly, changes do not appear to be limited to federal adjustments
- Statute of limitations does not apply if the “information contained the [taxpayer’s] report contains a gross error,” meaning at least a 25% understatement of tax

Unclaimed Property Statutes Overall Grade: C-

- No exemption for business-to-business transactions, however credit balances owed to current vendors should not be reported
- No period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property
- Penalty Provisions: Failure to Pay or Deliver Property – 5% of value of property due, Willful Failure to File, Pay or Allow Examination of Records – Class B Misdemeanor (imprisonment)

FY16 State and Local Business Tax Burden (\$billions)

Texas	
Property Tax	31.4
Sales Tax	18.6
Excise Tax	8.2
Corporate Income Tax	3.9
Unemployment Insurance Tax	2.2
Individual Income Tax on Pass-Through	N/A
License & Other Taxes	4.3
Total Business Taxes	68.5
Total Effective Business Tax Rate	4.7



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **52%**

* COST Scorecards

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[The Best and Worst of State Unclaimed Property Laws – October 2, 2013](#)

COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)
[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

UTAH

- Increase timetable to protest an assessment to at least 60 days
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide a clear definition of a “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination.
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Seek legislation repealing *Finnegan*, and enact *Joyce* rules
- Seek repeal of throwback statute
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group

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November 2017

Summary for UTAH Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **C**
 - Appeals process information not required to be included with real property notices
 - Property valuations available via website in some localities
- Simplicity & Consistency: **B**
- Procedural Fairness: **C**
 - No opportunity for taxpayer to escrow/defer payment on disputed tax

State Tax Administration Overall Grade: B

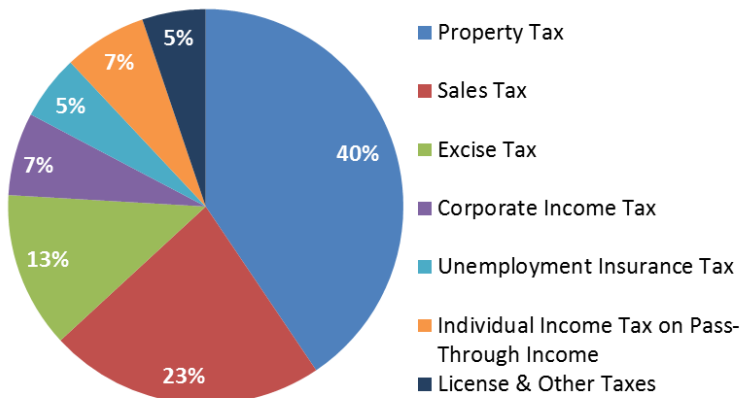
- No independent tax dispute forum
- Security required for appeals, although the bar to waive that requirement is low
- Only 30 days to protest an assessment
- No definition of final determination; only 90 days to report federal changes

Unclaimed Property Statutes Overall Grade: C+

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY16 State and Local Business Tax Burden (\$billions)

Utah	
Property Tax	2
Sales Tax	1.1
Excise Tax	0.6
Corporate Income Tax	0.3
Unemployment Insurance Tax	0.3
Individual Income Tax on Pass-Through	0.3
License & Other Taxes	0.3
Total Business Taxes	4.9
Total Effective Business Tax Rate	3.7%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **34%**

* COST Scorecards

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COST Studies

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

VERMONT

- Seek *de minimis* exclusion for property taxes
- Put all property tax and exemption forms on a centralized website
- Incorporate a true independent tax dispute forum
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Equalize interest rates for underpayments and overpayments
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact legislation allowing FOC 80/20 exclusion
- Seek repeal of throwback statute
- Seek legislation to enact separate filings, or make MUCR elective

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November 2017

Summary for VERMONT Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: C
 - Selected property tax laws available on a centralized website but difficult to find
 - Valuation of property not available via website
- Simplicity & Consistency: C
 - Inconsistent Due Dates: Reports due by April 20; payments vary by municipality
 - No *de minimis* exclusion
- Procedural Fairness: C
 - No 60-day appeal, only 14 days

State Tax Administration Overall Grade: C

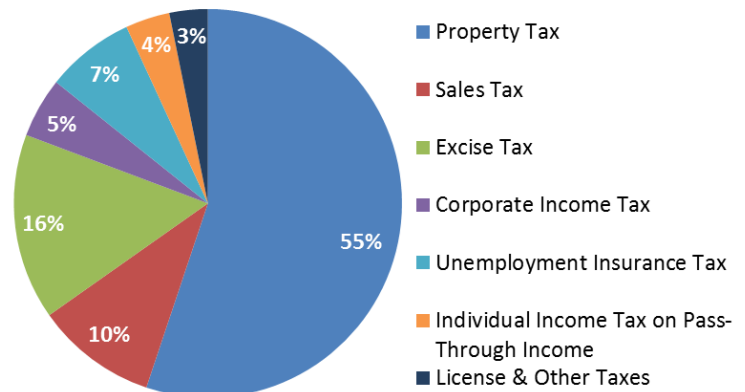
- No independent tax dispute forum; appeals to state court are not tried *de novo*
- Bond or prepayment required for sales & use tax disputes, but this is at the commissioner's discretion
- Interest rates higher for taxpayers than for the state
- Extension only 30 days after federally extended due date and is not automatic

Unclaimed Property Statutes Overall Grade: C-

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY16 State and Local Business Tax Burden (\$billions)

Vermont	
Property Tax	1.1
Sales Tax	0.2
Excise Tax	0.3
Corporate Income Tax	0.1
Unemployment Insurance Tax	0.1
Individual Income Tax on Pass-Through	0.1
License & Other Taxes	0.1
Total Business Taxes	2
Total Effective Business Tax Rate	7.5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **40%**

* COST Scorecards

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COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

VIRGINIA

- Put all property tax and exemption forms on a centralized website
- Incorporate a true independent tax dispute forum
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact election to file based on the federal consolidated group
- Seek legislation to enact 80/20 FOC exclusion

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November 2017

Summary for VIRGINIA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C-

- Transparency: **D**
 - Property tax laws/regulations not on centralized website
 - Property tax forms not on centralized website
 - No Internet document explaining property tax system
- Simplicity & Consistency: **C**
 - No Centralized Oversight: City Council or Board of Supervisors appoints an assessor whose office is independent of the Commissioner
 - No standardized forms
 - Inconsistent due dates – due dates vary greatly
- Procedural Fairness: **C**
 - No 60-Day Appeal: Over 120 assessing authorities with different deadlines; notice of real estate assessment increase must be mailed at least 15 days prior to protest hearing
 - Real estate appeal does not exempt a property owner from paying disputed taxes, however payment practices vary amongst localities

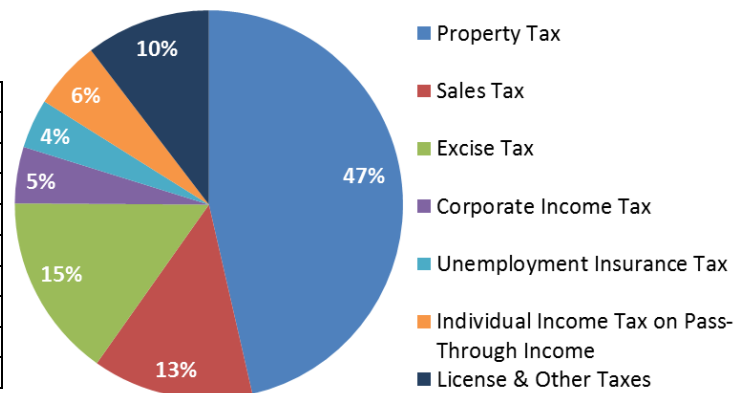
State Tax Administration Overall Grade: A-

- Final administrative appeals decision made by Tax Commissioner
- Has passed retroactive legislation
- Uses private attorneys to prosecute tax cases

Unclaimed Property Statutes Overall Grade: A

FY16 State and Local Business Tax Burden (\$billions)

Virginia	
Property Tax	7.4
Sales Tax	2.1
Excise Tax	2.4
Corporate Income Tax	0.8
Unemployment Insurance Tax	0.7
Individual Income Tax on Pass-Through	0.9
License & Other Taxes	1.7
Total Business Taxes	15.9
Total Effective Business Tax Rate	4.0%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **36%**

* COST Scorecards

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COST Studies

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)



List of Legislative Targets

WASHINGTON

- Equalize interest rates for underpayments and overpayments of property taxes
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Increase timetable to protest an assessment to at least 60 days
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 6 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

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November 2017

Summary for WASHINGTON Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **B**
- Simplicity & Consistency: **B**
- Procedural Fairness: **D**
 - Unequal Interest Rates: Overpayment interest rate – variable rate based on short-term Treasury bill rates, Underpayment Rate – 12%
 - Burden of Proof: Assessor is presumed correct; burden on taxpayer to show erroneous assessment by cogent, clear and convincing evidence
 - No opportunity for taxpayer to escrow/defer payment on disputed tax

State Tax Administration Overall Grade: C-

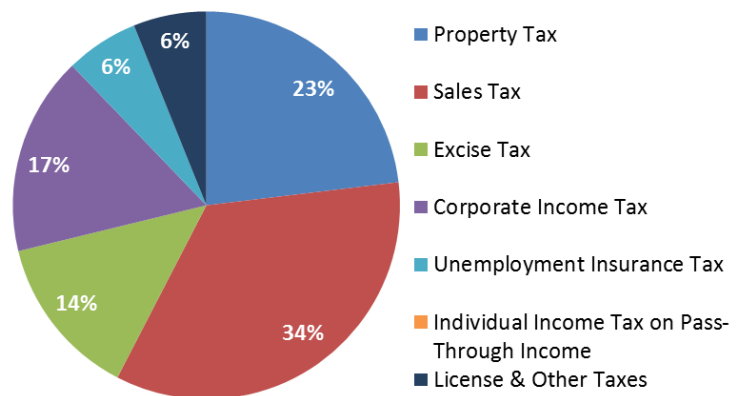
- Independent tax dispute forum hears excise tax disputes but does not require excise tax expertise
- DOR can still collect while an assessment is being disputed
- Payment is a jurisdictional requirement for challenging an assessment in Superior Court
- Protest period only 30 days
- Private letters not published; only some Board of Tax Appeals decisions published
- Has repeatedly passed retroactive legislation specifically designed to overturn adverse state Supreme Court decisions
- DOR asserts it is not bound by informal BTA decisions, its own past letter rulings, or industry guidance

Unclaimed Property Statutes Overall Grade: C-

- No exemption for business-to-business transactions
- 6-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property
- Penalty Provisions: Willful Failure to Report or Pay - \$100/day (\$5,000 max) plus 100% value of unreported property

FY16 State and Local Business Tax Burden (\$billions)

Washington	
Property Tax	5
Sales Tax	7.5
Excise Tax	3
Corporate Income Tax	3.6
Unemployment Insurance Tax	1.3
Individual Income Tax on Pass-Through	N/A
License & Other Taxes	1.3
Total Business Taxes	21.9
Total Effective Business Tax Rate	5.5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **57%**

* COST Scorecards

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COST Studies

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[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

WEST VIRGINIA

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Repeal tax haven language
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Provide clear definition of “final determination” triggering requirement to report federal tax changes
- Increase time for filing a federal change to at least 180 days from final determination
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Exempt gift cards and gift certificates from the definition of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Enact legislation allowing FOC 80/20 exclusion
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group

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 November 2017

Summary for WEST VIRGINIA Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C-

- Transparency: **C**
 - No Internet document explaining property tax system; general documents regarding the system and process available for assessors, not laypeople
 - Assessors only required to give notice of increased assessment of real property when the assessment is 10% higher than the previous year's assessment and the increase in \$1,000 or more
 - Valuation of property not available via website, however, some counties are implementing an online system to gain valuation information
- Simplicity & Consistency: **C**
 - No *de minimis* exclusion
 - Assessments are equal, however, most properties are valued at 60% FMV (excluding farms and managed timberland properties, which are assessed at the basis of their use value); there are no equal assessment caps; effective tax rate on commercial/industrial property 2.14 times higher than residential property tax rate in Charleston (2013)
- Procedural Fairness: **D**
 - Unequal Tax Rates: Overpayments – 0% (unless court ordered), Underpayments – 9%
 - No 60-day appeal, only 30 days – but there are limitations
 - Burden of Proof: Taxpayer must show erroneous assessment by clear and convincing evidence
 - No opportunity for taxpayer to escrow/defer payment on disputed tax

State Tax Administration Overall Grade: B-

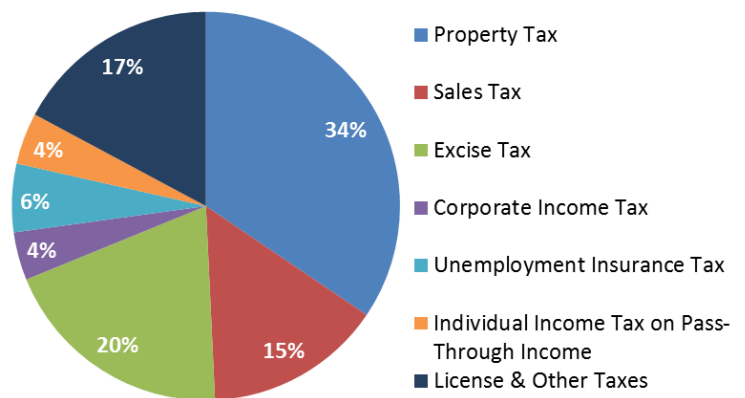
- Bond required for appeals
- Interest rates higher for taxpayers than for the state
- No definition of final determination
- Only 90 days to report after changes to federal return

Unclaimed Property Statutes Overall Grade: C-

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property
- Gift certificates not exempt; if redeemable in merchandise only, amount deemed abandoned is 60% of face value

FY16 State and Local Business Tax Burden (\$billions)

West Virginia	
Property Tax	1.2
Sales Tax	0.5
Excise Tax	0.7
Corporate Income Tax	0.1
Unemployment Insurance Tax	0.2
Individual Income Tax on Pass-Through	0.2
License & Other Taxes	0.6
Total Business Taxes	3.6
Total Effective Business Tax Rate	5.9%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **29%**

* COST Scorecards

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COST Studies

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List of Legislative Targets

WISCONSIN

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of property taxes
- Put all property tax and exemption forms on a centralized website
- Increase time for filing a federal change to at least 180 days from final determination
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal
- Seek legislation repealing *Finnegan*, and enact *Joyce* rules
- Seek legislation to enact separate filings, or make MUCR elective
- Enact legislation allowing corporations to elect to file based on the federal consolidated group
- Seek repeal of throwback statute
- Enact legislation allowing FOC 80/20 exclusion

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November 2017

Summary for WISCONSIN Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C

- Transparency: **C**
 - Property valuations available via Internet in some localities
- Simplicity & Consistency: **B**
 - No *de minimis* exclusion
 - Inconsistent Appraisal Cycle: Frequencies vary widely for locally assessed properties; field review required once every 5 years
- Procedural Fairness: **D**
 - Unequal Interest Rates: Overpayments – 9.6% (tax-exempt cases) and average 6-month Treasury Bill rate for other property tax cases, Underpayments – 12%
 - Burden of Proof: Taxpayer must show assessment is in error or that there is an error in procedure
 - No opportunity for taxpayer to escrow/defer payment on disputed tax

State Tax Administration Overall Grade: B

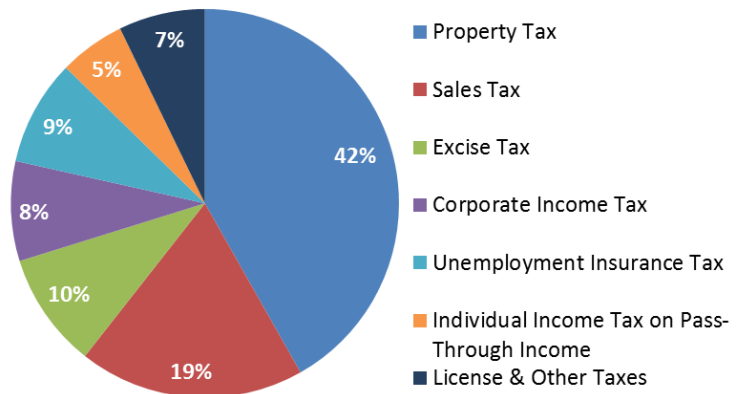
- Appeals require prepayment unless a stay is granted
- Interest rates significantly higher for taxpayers than for the state
- Only 90 days to report after changes to federal return
- Retroactive statute passed in 2013

Unclaimed Property Statutes Overall Grade: A-

- Contingent fee audits are not banned for unclaimed property

FY16 State and Local Business Tax Burden (\$billions)

Wisconsin	
Property Tax	5
Sales Tax	2.2
Excise Tax	1.1
Corporate Income Tax	1
Unemployment Insurance Tax	1
Individual Income Tax on Pass-Through	0.7
License & Other Taxes	0.9
Total Business Taxes	11.9
Total Effective Business Tax Rate	4.4%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **40%**

* COST Scorecards

[The Best and Worst of International Property Tax Administration Scorecard – September 11, 2014](#)

[The Best and Worst of State Tax Administration – December 2016](#)

[The Best and Worst of State Unclaimed Property Laws – October 2, 2013](#)

COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

List of Legislative Targets

WYOMING

- Seek *de minimis* exclusion for property taxes
- Equalize interest rates for underpayments and overpayments of taxes, including property taxes
- Put all property tax and exemption forms on a centralized website
- Increase timetable to protest an assessment to at least 60 days
- Eliminate any prepayment requirements to initially dispute a tax assessment
- Eliminate business-to-business transactions from the definition of unclaimed property
- Shorten statute of limitations for unclaimed property reporting and liability from 10 years to 3-5 years
- Ban contingent fee audits of unclaimed property
- Allow unclaimed property disputes to be resolved before an independent tribunal

About COST:

COST is a nonprofit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of over 600 major corporations engaged in interstate and international business. COST's objective is to preserve and promote the equitable and nondiscriminatory state and local taxation of multijurisdictional business entities.



November 2017

Summary for WYOMING Based on Recent COST Scorecards and Studies*

Property Tax Administration Overall Grade: C+

- Transparency: **B**
- Simplicity & Consistency: **C**
 - No *de minimis* exclusion
 - Unequal Assessment: Assessment ratios vary dramatically based on property type; county assessment caps differ from city and town caps
- Procedural Fairness: **C**
 - Unequal Tax Rates: Overpayments – limited to interest earned in escrow account, Underpayments – 18%

State Tax Administration Overall Grade: B

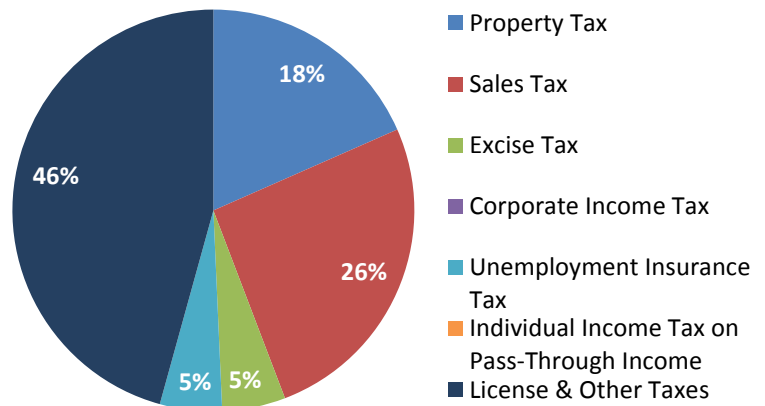
- Appeals require prepayment unless a stay is granted
- Interest rates significantly higher for taxpayers than for the state
- Only 30 days to protest an assessment
- Does not publish private letter rulings

Unclaimed Property Statutes Overall Grade: C-

- No exemption for business-to-business transactions
- 10-year period of limitations
- Unclaimed property statutes do not address appeals
- Contingent fee audits are not banned for unclaimed property

FY16 State and Local Business Tax Burden (\$billions)

Wyoming	
Property Tax	0.3
Sales Tax	0.4
Excise Tax	0.1
Corporate Income Tax	N/A
Unemployment Insurance Tax	0.1
Individual Income Tax on Pass-Through	N/A
License & Other Taxes	0.7
Total Business Taxes	1.5
Total Effective Business Tax Rate	4.5%



Sales Taxation of Services and Business Inputs Study

- Estimated percentage of state and local sales taxes imposed on business input purchases: **53%**

* COST Scorecards

[The Best and Worst of International Property Tax Administration Scorecard – September 11, 2014](#)

[The Best and Worst of State Tax Administration – December 16, 2013](#)

[The Best and Worst of State Unclaimed Property Laws – October 2, 2013](#)

COST Studies

[FY16 State and Local Business Tax Burden Study – December 2016](#)

[Sales Taxation of Services and Business Inputs Study – April 4, 2013](#)

[Competitiveness of State and Local Business Taxes – April 20, 2011](#)