



SALT Alert! 2016-27: Multistate: Ballot Initiative Round-Up

Although the attention of the country—and the rest of the world—was focused on the outcome of the U.S. presidential race, many state tax professionals were also watching certain state ballot initiatives that would have affected business taxpayers. Below is a summary of the state tax ballot initiatives that were voted on yesterday.

Oregon Measure 97: Minimum Tax Increase on Large Corporations – Failed

Measure 97 would have imposed a gross receipts minimum tax on Oregon entities with more than \$25 million in Oregon sales (as determined under the state's statutory sales factor sourcing rules). Oregon's current minimum tax is based on Oregon-sourced sales and is limited to a maximum of \$100,000 annually for corporations with total Oregon sales of \$100 million and above. Under Measure 97, corporations with over \$25 million in Oregon sales would have paid the minimum tax (\$30,001) plus a 2.5 percent gross receipts tax on all additional sales above \$25 million.

Louisiana Proposed Constitutional Amendment 3: Elimination of the Deduction for Federal Corporate Income Taxes Paid – Failed

Currently, Louisiana is one of only a handful of states that allow businesses to deduct federal taxes paid in computing state taxable income. With the rejection of Amendment 3, Louisiana will continue to allow corporations to deduct federal income taxes paid. In addition, a corporate income tax rate reduction to a flat 6.5 percent rate, which was contingent upon voters approving Amendment 3, will not become effective.

Oklahoma State Question 779: Sales and Use Tax Increase – Failed

State Question 779 would have increased the state sales and use tax rate by 1 percent effective July 1, 2017. Voters rejected the measure, which would have largely been used to fund education and provide raises for teachers.

Washington State Carbon Emission Tax Initiative 732: New Carbon Tax; Reductions to Other Taxes – Failed

The Washington State Carbon Emission Tax Initiative 732 would have created a new carbon pollution tax levied on (1) the carbon content of fossil fuels sold or used in Washington State, and (2) the carbon content inherent in electricity consumed within

Washington, including electricity generated within Washington. If voters had approved Initiative 732, Washington State would have been the first state to tax carbon emissions.

Missouri Constitutional Amendment 4: Prohibition against Taxing Services – Approved

Constitutional Amendment 4, aptly titled the “Taxpayer Protection Amendment,” amends the Missouri Constitution to prohibit the legislature from enacting new state sales or use taxes (or any similar transaction-based taxes) on any service or activity that was not subject to sales or use tax (or a similar tax) as of January 1, 2015. Under Missouri law, sales of tangible personal property are generally subject to sales and use tax, but only a limited number of services are taxable.

California Proposition 55: Retains Temporary Higher Personal Income Tax Rates – Approved

California voters approved Proposition 55, which extends temporary personal income tax increases on higher earning individuals through 2030 – an additional 12 years. The rates were scheduled to sunset in 2018.

Maine Question 2: Personal Income Tax Increase – Not yet Called

Maine Question 2 would adopt a three percent tax on individual income taxes for household income greater than \$200,000.

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