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Sent: Wednesday, August 3, 2022 2:18 PM

To: Phil N Skinner <Phil.Skinner@tax.idaho.gov>; Cynthia Adrian <Cynthia.Adrian@tax.idaho.gov>; Tom Shaner <Tom.Shaner@tax.idaho.gov>

Subject: Proposed Income Tax Rule 003.02 [IWOV-IMANAGE.FID1300298]

Phil, Cynthia and Tom,

We are still reviewing the new draft of the rules but one change has jumped out at us from the bankers' perspective. The version of the rules sent to us on 7-14 (attached) referred to the 1994 MTC rule currently in effect with the cost of performance provisions, in Rule 003.02. The version sent on 7-25 (also attached) substitutes the 2015 MTC rule without the COP provisions. This is counter to everything we have understood about the intent of the legislation, and that financial institutions were to be given the option to elect to keep three-factor apportionment and use COP under Rule 582 and Rule 003.02. It is also inconsistent with our communications on this subject, on March 29. Was this change intentional, or inadvertent?

Thanks, Rick

Richard G. Smith

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