

Financial Institutions State Tax Coalition

September 1, 2022

Transmitted via email

Kimberlee Stratton
Administrative Rules Coordinator
Idaho State Tax Commission
PO Box 36
Boise, Idaho 83722-0410

Re: Notice of Intent to Amend IDAPA 35.01.01 (RULE 003) to Update the Adoption of the Newer Version of the MTC Financial Institution Rules

Dear Administrative Rules Coordinator:

Thank you for the opportunity to provide written comments on behalf of the Financial Institutions State Tax Coalition regarding the Notice of Intent to amend IDAPA 35.01.01 (RULE 003) to update the adoption of the newer version of the MTC Financial Institution Rules.

The Financial Institutions State Tax (FIST) Coalition is the premier state tax organization organized for the purpose of monitoring the development and administration of state income tax laws affecting financial institutions with emphasis on uniformity, equity and easily administered tax laws. The FIST Coalition was deeply involved with the states and Multistate Tax Commission (MTC) in the development (1994 version) and subsequent revision (2015 version) of the MTC's Recommended Formula for the Apportionment and Allocation of Net Income of Financial Institutions ("MTC's Financial Institution Rules" or "MTC Rule").

The Idaho State Tax Commission has filed a Notice of Intent to amend IDAPA 35.01.01 (RULE 003) to update the adoption of the newer version of the MTC Financial Institution Rules.

The FIST Coalition opposes the adoption of the 2015 version of the MTC Financial Institution Rule because:

1. Members of the FIST Coalition were the only financial institutions that participated in the MTC Work Group that addressed revising the Financial Institution Rules and, during the revision process and for the official Hearing, the Coalition opposed most of the 2015 revisions to rule – especially the elimination of loans from the property factor. The Coalition's comments can be found on the MTC's website.

2. Although the revised version of the Financial Institutions Rules was adopted by the MTC during 2015, no state with the MTC Rule has adopted the 2015 revision to eliminate loans from the property factor.

While the FIST Coalition opposes adopting the 2015 version of the MTC Rule, the Coalition would not oppose an election that would allow financial institutions to use either the 1994 version or the 2015 version.

Conclusion

For the reasons set forth above, the FIST Coalition opposes amending IDAPA 35.01.01 (RULE 003) to update the adoption of the newer version of the MTC Financial Institution Rules.

Please contact me if you have any questions regarding the above comments.

Sincerely,

Karen Boucher

Karen Boucher
Financial Institutions State Tax Coalition LLC
Managing Member