

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

50 State Analysis Market Sourcing of Freight Forwarding

Staff comments are *italicized*.

State	Statute Language	Regulation Language
Alabama	<i>No guidance.</i>	
Alaska	<i>No guidance.</i>	
Arizona	<i>No guidance.</i>	
Arkansas	<i>No guidance.</i>	
California	<i>Omitted.</i>	
Colorado	<i>No guidance.</i>	
Connecticut	<i>No guidance.</i>	
Delaware	<i>No guidance.</i>	
Florida	<i>No guidance.</i>	
Georgia	<i>No guidance.</i>	
Hawaii	<i>No guidance.</i>	
Idaho	<i>No guidance.</i>	
Illinois	<i>No guidance.</i>	
Indiana	<i>No guidance.</i>	
Iowa	<i>No guidance.</i>	
Kansas	<i>No guidance.</i>	
Kentucky	<i>No guidance.</i>	
Louisiana	<i>No guidance.</i>	
Maine	<i>No guidance.</i>	
Maryland	<i>No guidance.</i>	
Massachusetts	<i>No guidance.</i>	
Michigan	<i>No guidance.</i>	
Minnesota	<i>No guidance.</i>	
Mississippi	<i>No guidance.</i>	
Missouri	<i>No guidance.</i>	
Montana	<i>No guidance.</i>	
Nebraska	<i>No guidance.</i>	
Nevada	<i>No guidance.</i>	
New Hampshire	<i>No guidance.</i>	
New Jersey	<i>No guidance.</i>	
New Mexico	<i>No guidance.</i>	
New York	<p>N.Y. Tax Law § 210-A(7)(a)</p> <p>(a) Air freight forwarding. Receipts of a taxpayer from the activity of air freight forwarding acting as principal and like indirect air carrier receipts arising from such activity shall be included in the numerator of the apportionment fraction as follows: one hundred percent of such receipts if both the pickup and delivery associated with such receipts are made in the state and fifty percent of such receipts if either the pickup or delivery associated with such receipts is made in this state. Such receipts, whether the pickup or</p>	

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	delivery associated with the receipts is within or without the state, shall be included in the denominator of the apportionment fraction.	
North Carolina	<p>N.C. Gen. Stat. § 105-130.4(s)</p> <p>(s) Transportation Corporation. - All apportionable income of an air transportation corporation or a water transportation corporation shall be apportioned by a fraction, the numerator of which is the corporation's revenue ton miles in this State and the denominator of which is the corporation's revenue ton miles everywhere. A qualified air freight forwarder shall use the revenue ton mile fraction of its affiliated air carrier. The following definitions apply in this subsection:</p> <p>(1) Air carrier. - A corporation engaged in the business of transporting any combination of passengers or property of any kind in interstate commerce, and the majority of the corporation's revenue ton miles everywhere are attributed to transportation by aircraft.</p> <p>(2) Air transportation corporation. - One or more of the following:</p> <p>a. An air carrier that carries any combination of passengers or property of any kind.</p> <p>b. A qualified air freight forwarder.</p> <p>(3) Qualified air freight forwarder. - A corporation that is an affiliate of an air carrier and whose air freight forwarding business is primarily carried on with the affiliated air carrier.</p> <p>(4) Revenue ton mile. - One ton of passengers, freight, mail, or other cargo carried one mile by the air transportation corporation or water transportation corporation by aircraft, motor vehicle, or vessel. In making this computation, a passenger is considered to weigh two hundred pounds.</p>	
North Dakota	<i>No guidance.</i>	
Ohio		<p>Ohio Admin. Code § 5703-29-17(D)(51)</p> <p>(51) Transportation Services/Brokers /Logistics (a) Gross receipts from transportation services are sitused to Ohio based on division (G) of section 5751.033 of the Revised Code. The provisions of paragraph (C)(51)(a) of this rule only apply to providers of transportation services. Sellers of tangible personal property itemizing transportations charges must situs such charges in the same manner as the tangible personal property.</p>

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		<p>(b) (i) For purposes of this rule, “broker” means a person who, for compensation, arranges or offers to arrange the transportation of property by an authorized motor carrier; and “brokerage” or “brokerage services” means the arranging of transportation or the physical movement of a motor vehicle or of property. If consulting services are provided for logistics, please refer to management consulting services in paragraph (35) of this rule.</p> <p>(ii) Gross receipts received by a broker not providing any transportation services for the tangible personal property in question but arranging solely for the provision of transportation services shall be situated to the location where the property is shipped.</p> <p>(c) Logistics includes all the processes required to go from raw materials to end customer delivery, including purchasing, inventory management, warehousing, shipping, and customer returns, but does not include transportation or brokerage services.</p> <p>(i) If the logistics services relate to shipping operations, the gross receipts shall be situated based on the location where the product is shipped.</p> <p>(ii) If the logistics services relate to inventory management and/or warehousing operations, the gross receipts shall be situated based on the location of the inventory and/or warehouse.</p> <p>(iii) If the logistics services relate to purchasing operations, the gross receipts shall be situated to the location where the purchaser benefits from such service. In determining the location of the purchaser, the following, if known, apply in sequential order:</p> <p>(a) The branch, division, or other unit where the purchaser primarily receives the benefit of the service;</p> <p>(b) The primary location of the management operations of the purchaser's business unit; and</p> <p>(c) The purchaser's billing address is acceptable if provided in good faith.</p> <p>(d) For purposes of paragraph (C)(51)(c) of this rule, gross receipts from logistics services that relate to multiple types of logistics operations may be situated using any reasonable, consistent, and uniform method of apportionment that is supported by the service provider's business records as they existed at the time of the</p>

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		performance of the service or within a reasonable time thereafter.
Oklahoma	<i>No guidance.</i>	
Oregon	<i>No guidance.</i>	
Pennsylvania	<i>No guidance.</i>	
Rhode Island	<i>No guidance.</i>	
South Carolina	<i>No guidance.</i>	
South Dakota	<i>No guidance.</i>	
Tennessee	<i>No guidance.</i>	
Texas	<i>No guidance.</i>	
Utah	<i>No guidance.</i>	
Vermont	<i>No guidance.</i>	
Virginia	<i>No guidance.</i>	
Washington	<i>No guidance.</i>	
West Virginia	<i>No guidance.</i>	
Wisconsin		<p>Wis. Admin. Code Tax § 2.465(3)</p> <p>(3) APPORTIONMENT FORMULA COMPUTATION. For taxable years beginning on or after January 1, 2014, a qualified air freight forwarder that is engaged in business in and outside this state shall apportion its apportionable income to this state on the basis of the ratio obtained by taking the arithmetical average of the following 3 ratios:</p> <p>(a) The ratio which aircraft arrivals and departures within this state scheduled by the affiliated direct air carrier during the calendar or fiscal year bears to the total aircraft arrivals and departures within and without this state scheduled by such direct air carrier during the same period; provided that if the affiliated direct air carrier conducts nonscheduled operations all arrivals and departures shall be substituted for scheduled arrivals and departures.</p> <p>(b) The ratio which the revenue tons handled by the affiliated direct air carrier at airports within this state during the calendar or fiscal year bears to the total revenue tons handled at airports within and without this state during the same period.</p> <p>(c) The ratio which such qualified air freight forwarder's originating revenue in this state for the calendar or fiscal year bears to the total revenue of such qualified air freight forwarder within and without this state for the same period.</p>
Wyoming	<i>No guidance.</i>	