

CCH® State Tax SmartCharts

Note: Not all states impose all tax types. If you selected a topic and no results appear for one or more states selected; those states do not impose that particular tax.

Caution: The links in the Citation and CCH Discussion columns below will only work if you are a subscriber to the CCH State Tax Reporter for the state.

Business Income Tax> Allocation and Apportionment> Sales Factor> Sourcing Rules> **Market-Based Sourcing**

The Multistate Tax Commission (MTC) has adopted an amendment to Article IV of the Multistate Tax Compact to replace the all or nothing COP sourcing rule with a proportional market-based sourcing rule for sales, other than the sales of tangible personal property. Under the MTC amendment, sales, other than the sales of tangible personal property, must be sourced to the taxing state, if the taxpayer's market for the sales is in the state. If the state or states of assignment cannot be determined, the state or states of assignment must be reasonably approximated. If the taxpayer is not taxable in a state to which a sale is assigned or if the state of assignment cannot be determined or reasonably approximated, such sale must be excluded from the denominator of the sales factor.

This chart shows whether each state and the District of Columbia use a market-based method for assigning income to state sources and determining the sales factor of the general apportionment formula.

JURISDICTION	MARKET-BASED SOURCING	COMMENT	CITATION	CCH EXPLANATION
Alabama	Yes		Alabama Code §40-27-1(IV)(17) Ala. Admin. Code r. 810-27-1-.17	Alabama 11-525
Alaska	No		Alaska Stat. §43.19.010(IV)(17) Alaska Admin. Code tit. 15 §19.301	Alaska 11-525
Arizona	No, except for certain multistate service providers that elect market-based sourcing for sales of services for taxable years after 2013.	5-year binding election is phased in as follows: • 85% of market sales and 15% of income producing activity sales for taxable years after 2013 and before 2015; • 90% of market sales and 10% of income producing activity sales for taxable years after 2014 and before 2016; • 95% of market sales and 5% of income producing activity sales for taxable years after 2015 and before 2017; and • 100% of market sales for taxable years beginning after 2016.	Ariz. Rev. Stat. §43-1147 Ariz. Admin. Code 15-2D-806	Arizona 11-525

JURISDICTION	MARKET-BASED SOURCING	COMMENT	CITATION	CCH EXPLANATION
		For a multistate service provider that is a regionally accredited institution of higher education with at least one university campus in Arizona on which at least 2,000 students reside, the election will apply only to the treatment of sales for educational services. For a multistate service provider that has more than 2,000 employees in Arizona and derives more than 85% of its sales from support services provided to a regionally accredited institution of higher education, the election will apply only to the treatment of sales for support services. We recommend you reference cited authority for more information.		
Arkansas	No		Ark. Code Ann. §26-51-717 Ark. Reg. 1.26-51-717	Arkansas 11-525
California	Yes		Cal. Rev. & Tax Code §25136 18 CCR 25136-2	California 11-525
Colorado	Yes	No, for tax years prior to 2019. We recommend you reference cited authority for more information.	Colo. Rev. Stat. §24-60-1301(IV)(17) Colo. Rev. Stat. §39-22-303.5(4)(c) Colo. Rev. Stat. §39-22-303.6 1 Colo. Code Regs. §201-3(IV)(17) Colo. Code Regs. §39-22-303.5.4(C) Colorado Corporate Income Tax Guide	Colorado 11-525
Connecticut	Yes	No for income years before 2016. We recommend you reference cited authority for more information.	Conn. Gen. Stat. §12-218(b) Special Notice 2017(1)	Connecticut 11-525
Delaware	No		Form 1100 Instructions, Corporate Income Tax Return	Delaware 11-525

JURISDICTION	MARKET-BASED SOURCING	COMMENT	CITATION	CCH EXPLANATION
			Del. Code Ann. tit. 30, §1903(b)(6)	
Florida	No		Fla. Admin. Code Ann. r. 12C-1.0155(2)(l)	Florida 11-525
Georgia	Yes		Ga. Code. Ann. §48-7-31(d)(2)(A)(i) Ga. Comp. R. & s. r 560-7-7-.03(5)(c)	Georgia 11-525
Hawaii	No, for tax years beginning before 2020.	Yes, for intangibles and services for tax years beginning after 2019. We recommend you reference cited authority for more information.	Haw. Rev. Stat. §235-37 Haw. Rev. Stat. §25 5-1(IV)(17) Haw. Reg. 18-235-37-01	Hawaii 11-525
Idaho	Yes <u>Tax years before 2022:</u> No		IDAPA 35.01.01.550 Idaho Code §63-3027(12)	Idaho 11-525
Illinois	Yes		35 ILCS 5/304(a)(3) (B-1) 35 ILCS 5/304(a)(3) (C-5)(iv)	Illinois 11-525
Indiana	Yes, after 2018.		Ind. Code §6-3-2-2(f) Ind. Admin. Code tit. 45, r. 3.1-1-55	Indiana 11-525
Iowa	Yes		Iowa Admin. Code r. 701 503.3(3)(e) Iowa Admin. Code r. 701 503.6(1)	Iowa 11-525
Kansas	No		Kan. Stat. Ann. §79-3287 Kan. Admin. Regs. 92-12-100	Kansas 11-525
Kentucky	Yes, for tax years after 2017.		Ky. Rev. Stat. Ann. §140.120(11)	Kentucky 11-525
Louisiana	Yes, for taxable years beginning on or after January 1, 2016.		La. Rev. Stat. Ann. § 47:287.95(L) La. Admin. Code tit. 61, §1135	Louisiana 11-525

JURISDICTION	MARKET-BASED SOURCING	COMMENT	CITATION	CCH EXPLANATION
Maine	Yes, applicable to services.		Me. Rev. Stat. Ann. tit. 36, §5211(16-A) Code Me. R. §801.06(F)	Maine 11-525
Maryland	Yes, applicable to services.		Md. Regs. Code tit. 3, §03.04.03.08(C)(5)(c) and (D)	Maryland 11-525
Massachusetts	Yes	No, for tax years before 2014. We recommend you reference cited authority for more information.	Mass. Gen. Laws ch. 63, §38(f) Mass. Regs. Code tit. 830, §63.38.1(9)(d)	Massachusetts 11-525
Michigan	Yes, applicable to services.		Mich. Comp. Laws §206.665(1)(e) and (2) Mich. Comp. Laws §208.1305(1)(e) and (2)	Michigan 11-525
Minnesota	Yes, applicable to services.		Minn. Stat. §290.191(5)(h), (i), and (j)	Minnesota 11-525
Mississippi	No		Miss. Reg. 35.III.8.06(402.09)(3)	Mississippi 11-525
Missouri	No, for taxable years beginning before 2020, except for taxpayers electing optional single sales factor apportionment method.	Yes, for taxable years beginning after 2019. We recommend you reference cited authority for more information.	Mo. Rev. Stat. §143.451.2 Mo. Rev. Stat. §143.455 Mo. Rev. Stat. §32.200(IV)(17) Miss. Reg. 10-2.075(55)	Missouri 11-525
Montana	Yes, for tax years beginning after December 31, 2017.		Mont. Code Ann. §15-1-601 Mont. Code Ann. §15-31-311(2) Mont. Admin. R. 42.26.257(1)	Montana 11-525
Nebraska	Yes, for tax years after 2013.		Neb. Rev. Stat. §77-2734.14(3) Neb. Admin. Code 24-329	Nebraska 11-525
Nevada	N/A, because state does not tax general business corporation income.			Nevada 10-001

JURISDICTION	MARKET-BASED SOURCING	COMMENT	CITATION	CCH EXPLANATION
New Hampshire	No, for tax years before 2021.	Market-based sourcing adopted effective after 2020, but only applicable to tax periods ending after 2021. We recommend you reference cited authority for more information.	N.H. Rev. Stat. Ann. §77-A:3(l)(c) N.H. Rev. Stat. Ann. §77-E:4.I.(c)(3) N.H. Code Admin. R. Ann. 304.04 N.H. Code Admin. R. Ann. 304.16	New Hampshire 11-525
New Jersey	Yes, applicable to services for tax years beginning after 2018.		N.J. Stat. Ann. §54:10A-6(B) N.J. Admin. Code §18:7-8.8 N.J. Admin. Code §18:7-8.11 N.J. Admin. Code §18:7-8.12	New Jersey 11-525
New Mexico	No, for tax years before 2020. Yes, for tax years after 2019.		N.M. Stat. Ann. §7-4-18 N.M. Admin. Code tit. 3, §3.5.18.8 N.M. Admin. Code tit. 3, §3.5.18.9	New Mexico 11-525
New York	No, for tax years before 2015. Yes, for tax years after 2014.		N.Y. Tax Law, §210-A N.Y. Tax Law §210(3)(a)(2) N.Y. Comp. Code R. & Regs. tit. 20, §4-4.3	New York 11-525
North Carolina	No <u>Tax years after 2019:</u> Yes, except for taxpayers that make a net loss apportionment election to source services based on income producing activities.		N.C. Gen. Stat. §105-130.4(l)(3) and (t3)	North Carolina 11-525
North Dakota	No		N.D. Cent. Code §57-38.1-17 N.D. Admin. Code §81-03-09-31(1)	North Dakota 11-525

JURISDICTION	MARKET-BASED SOURCING	COMMENT	CITATION	CCH EXPLANATION
Ohio	Yes		Ohio Rev. Code Ann. §5751.033(F) and (I)	Ohio 14-035
Oklahoma	Yes, applicable to services.		Okla. Admin. Code § 710:50-17-71(1)(A)(ii)	Oklahoma 11-525
Oregon	Yes, for tax years beginning on or after January 1, 2018.	No, for tax years before 2018. We recommend you reference cited authority for more information.	Or. Rev. Stat. §314.665(4) OAR 150-314-0435 (2)	Oregon 11-525
Pennsylvania	Yes, for receipts from sales of services.	Yes, for sales of intangibles beginning after December 31, 2022. We recommend you reference cited authority for more information.	72 P.S. §7401(3)(2)(a)(17)	Pennsylvania 11-525
Rhode Island	Yes, applicable to services only for tax years after 2014 for C corporations.		R.I. Gen. Laws §44-11-14(b)(1)	Rhode Island 11-525
South Carolina	No		S.C. Code Ann. §12-6-2295(A)(5)	South Carolina 11-525
South Dakota	N/A, because state does not tax general business corporation income.			South Dakota 14-001
Tennessee	No, effective for tax years before July 1, 2016. Yes, effective for tax years beginning on or after July 1, 2016.	Taxpayers may elect to apply sourcing method in effect (earnings producing activity sourcing) before January 1, 2016 if: • application of market based sourcing results in lower apportionment factor; • the election results in a higher apportionment factor; and • the taxpayer has net earnings for that tax year. We recommend you reference cited authority for more information.	Tenn. Code Ann. §67-4-2012(i) and (j) Tenn. Comp. R. & Regs. 1320-6-1-.34	Tennessee 11-525
Texas	No		Tex. Tax Code Ann. §171.103(a)(2) 34 Tex. Admin. Code §3.591(e)(21) and (26)	Texas 11-525

JURISDICTION	MARKET-BASED SOURCING	COMMENT	CITATION	CCH EXPLANATION
Utah	Yes, applicable to services.		Utah Code Ann. §59-7-319(3)(a) Utah Admin. Code R 865-3C-1(2)(a) Utah Admin. Code R 865-6F-8(10)(g)	Utah 11-525
Vermont	Yes, for tax years starting after January 1, 2020.		Vt. Stat. Ann. tit. 32, §5833(a)(3) Vt. Code R. 1.5833-1(d)(3)	Vermont 11-525
Virginia	No		Va. Code Ann. §58.1-416 23 Va. Admin. Code §10-120-230	Virginia 11-525
Washington	N/A, because state does not tax general business corporation income.			Washington 10-001
West Virginia	Yes, effective for tax years beginning on or after January 1, 2022.		W. Va. Code St. R. §110-24-7.7(h) W. Va. Code §11-24-7(e)(13)	West Virginia 11-525
Wisconsin	Yes		Wis. Stat. §71.25(9)(dh), (dj), and (dk) Wis. Admin. Code §2.39(6)(f) and (h)	Wisconsin 11-525
Wyoming	N/A, because state does not tax general business corporation income.			Wyoming 10-001