

State Tax Review®

by CCH Tax Law Editors

New Mexico Enacts Business Tax Legislation

New Mexico has enacted legislation making several changes to its state income and gross receipts tax laws affecting businesses. These changes include:

- **Bonus depreciation disallowed.** In their New Mexico state income tax calculations, businesses will no longer be able to take bonus depreciation deductions allowed by the federal One Big Beautiful Bill Act (OBBBA) and other older federal legislation. These bonus depreciation deductions include 100 percent bonus depreciation for machinery and equipment under Internal Revenue Code (IRC) Section 168(k) as well as immediate expensing for qualified production property under IRC Section 168(n).
- **Business interest expense deduction limitation changes** New Mexico state tax law will no longer follow a federal provision, made permanent by OBBBA, that allows businesses to increase their business interest expense deductions by permitting them to add depreciation, amortization, and depletion back to their adjusted taxable income.
- **Certain foreign income added back to New Mexico tax base.** Businesses must now add net-CFC tested income (NCTI) back to the tax base as part of their New Mexico income tax calculation. OBBBA changed global intangible low-taxed income (GILTI) to NCTI.
- **Local journalist employment credit.** The legislation creates a new income tax credit for local news organizations that employ local journalists in the amount of 30% of wages paid to each local journalist the local news organization employs.
- **Affordable housing construction gross receipts tax deduction.** The legislation allows a gross receipts tax deduction for receipts from the sale of construction materials and labor used for the development of affordable housing multifamily residential housing projects.
- **Physician tax credit.** The legislation creates a non-refundable \$10,000 per year income tax credit for physicians practicing in New Mexico.
- **High-wage jobs tax credit extension.** The legislation extends the availability of the high-wage jobs tax credit to jobs created before July 1, 2036.

(S.B. 151), Laws 2026, effective January 1, 2027



MARCH 25, 2026
ISSUED WEEKLY
VOL. 87, ISSUE NO. 12, NO. 12

THIS WEEK'S HIGHLIGHTS

- **COLORADO:** Agricultural Property Tax Definitions Clarified **2**
- **INDIANA:** Eligibility Expanded for Employer Child Care Expenditure Income Tax Credit **3**
- **INDIANA:** Public Agencies and Local Jurisdictions Are Prohibited from Imposing Tax on Digital Assets **4**
- **NORTH CAROLINA:** Guidance Issued on Significance of Change in U.S. Postal Service Postmark Policy **9**
- **SOUTH DAKOTA:** Income Thresholds for Property and Sales Tax Refund Programs Amended **10**
- **TEXAS:** Sourcing of Gross Receipts to Point of Transfer Upheld **11**

Ohio Updates IRC Conformity

Ohio has updated its income tax Internal Revenue Code (IRC) conformity to incorporate changes to the IRC taking effect after March 7, 2025.

What is the IRC conformity date?

The updated conformity date is March 5, 2026. The incorporated changes include those made by the “One Big Beautiful Bill Act” (OBBBA).

Further, taxpayers with tax years ending after March 7, 2025, and before March 5, 2026, can irrevocably elect to apply the IRC in effect to their taxable year. S.B. 9, Laws

2026, effective March 5, 2026; *Governor DeWine Signs Bill Into Law*, March 5, 2026

South Dakota Updates IRC Conformity

South Dakota has updated the statutory definition of “Internal Revenue Code” (IRC) to reference the federal code as amended through January 1, 2026. The IRC conformity date is applicable to the:

- bank franchise tax;
 - sales and use taxes; and
 - for certain property tax provisions.
- S.B. 19, Laws 2026, effective July 1, 2026

ARIZONA

S&U Tax: Local Tax Rate Table Released

Arizona’s Department of Revenue released the transaction privilege tax (TPT) rate chart effective April 1, 2026. There are no rate changes noted. *Transaction Privilege and Other Tax Rate Tables*, Arizona Department of Revenue, March 1, 2026

COLORADO

Property Tax: Agricultural Property Tax Definitions Clarified

Colorado enacted legislation modifying the definitions of “farm” and “ranch” that are used to classify agricultural property for property tax purposes. As modified, “farm” means a parcel of land *predominantly* used to produce agricultural products for profit, and “ranch” means a parcel of land *predominantly* used for grazing livestock for profit through a pasture-based operation. “Pasture-based operation” means a method of livestock management where pasture-based livestock have regular access to open pasture and derive a majority of their diet through grazing. The legislation takes effect January 1, 2027, unless a referendum petition is filed. If a referendum petition

is filed, the referred provisions will take effect only if approved by voters at the November 2026 general election. If approved, the provisions will take effect on January 1, 2027, or on the date of the official declaration of the vote thereon, whichever is later. (S.B. 10), Laws 2026, effective as noted

FLORIDA

Motor Fuel Tax: Guidance Provided on Ninth-Cent and Local Option Fuel Tax Issued by Counties

Guidance is provided on ninth-cent and local option fuel tax ordinances issued by counties and local governments.

Imposition of Local Tax on Motor Fuel

Any county in Florida, by extraordinary vote of the membership of its governing body or subject to a referendum, may levy a ninth-cent (\$0.01) or local option fuel tax (\$0.01 to \$0.11) on motor fuel. The imposition of tax must be levied before October 1 to be effective January 1 of the following year. The October 1 deadline provides:

- the Florida Department of Revenue enough time to notify the public of motor fuel tax rate changes; and
- industry with sufficient time to update accounting and invoicing systems.

Expiration of County Ordinance or Change in Tax Rate

If a county ordinance is set to expire or the county would like to rescind or change a tax rate, the county must notify the department by October 1 of the year preceding the year in which the tax rate change occurs.

Interlocal Agreement

A county may adopt the tax authorized by ordinance through an interlocal agreement, and such an agreement must be executed before June 1 with one or more municipalities in the county that together represent a majority of the population of the incorporated area. *Tax Information Publication, No. 26B05-01*, Florida Department of Revenue, March 16, 2026

IDAHO

Property Tax: Legislation Clarifies Calculating Taxable Value of Fire Protection and Ambulance Service Districts Not Subject to Urban Renewable District Revenue Allocation Areas

Enacted Idaho property tax legislation provides clarification and correction for calculating new construction roll taxable values of fire protection districts and ambulance services districts not subject to urban renewable district revenue allocation areas. Ch. 19 (H.B. 551), Laws 2026, effective retroactively to January 1, 2026

ILLINOIS

S&U Tax: Guidance Issued on Service Occupation and Use Taxes

Illinois issued guidance on the service occupation tax (SOT) and the service use tax (SUT) imposed on businesses or individuals who transfer tangible personal property (TPP) by sale, lease, or rental incident to the sale of a service. Service providers who have a physical presence in Illinois or meet an economic nexus threshold must collect and pay the tax. The service component of a sale of service remains nontaxable. The only part of a sale of service that is taxable is the transfer of TPP as part of that sale of service. The guidance provides an overview of important definitions, business registration requirements

IDAHO

S&U Tax: Provisions Regarding Tax Duties on Short-Term Rental Owners Amended

Enacted Idaho legislation provides that if an owner of a short-term rental offers a short-term rental or vacation rental directly to an occupant without the use of a short-term rental marketplace, such owner must comply with all the requirements provided in Idaho Code Sec. 63-1804, applicable to a short-term rental marketplace. H.B. 583, Laws 2026, effective July 1, 2026

and procedures, how service providers calculate and report their tax liability, electronic payment mandates and options, and recordkeeping requirements. *Publication 113-SOT*, Illinois Department of Revenue, March 2026

INDIANA

Income Tax: Eligibility Expanded for Employer Child Care Expenditure Income Tax Credit

Qualified expenditures under the employer child care expenditure income tax credit are expanded and the maximum number of individuals an entity may employ to be eligible for the credit is increased.

Qualified Expenditures

The definition of “qualified child care expenditures” is expanded to include an expenditure:

- incurred for the operating costs of an Indiana qualified child care facility of a taxpayer that is operated for the taxpayer’s employees, including costs related to training of employees, to scholarship programs, and to provide increased compensation to employees with higher levels of child care training;
- under a contract with an Indiana qualified child care facility to provide child care services to employees of the taxpayer, or under a contract with an intermediate entity that contracts with one or more Indiana qualified child care facilities for child care services; or

- under a contract to provide child care resources and referral services to an employee of the taxpayer.

Eligibility Expanded

In addition, the credit is amended to expand eligibility for the credit to employers with up to 500 employees (formerly, the credit applied to employers with 100 or fewer employees).

Repeal of Credit Recapture Provisions

Credit recapture provisions of the credit are repealed. H.B. 1177, Laws 2026, retroactively effective January 1, 2026

S&U Tax: City of Hammond May Impose Admissions Tax; Lake and Porter Counties May Adopt Food and Beverage Tax

The fiscal body of the city of Hammond may adopt an ordinance to impose an excise tax, known as the “city admissions tax,” for the privilege of attending certain events. If the city adopts such an ordinance, the city admissions tax will equal 12% of the price for admission to the specified events, and the tax will take effect on January 1 immediately following the date of its adoption.

Lake County and Porter County may adopt a 1% food and beverage tax by June 30, 2027. Lake County is also authorized to increase the innkeepers tax rate from 5% to 10%. The county fiscal body is required to adopt an ordinance increasing the tax rate by June 30, 2027. P.L. 44, (S.B. 27), Laws 2026, effective February 26, 2026

Multiple Taxes: Public Agencies and Local Jurisdictions Are Prohibited from Imposing Tax on Digital Assets

A public agency, other than the Department of Financial Institutions, or a county, municipality, or township is prohibited from adopting or enforcing a rule, ordinance, or other regulation that imposes taxes or fees on the following, that are not applicable to comparable financial transactions that do not involve digital assets:

- the use or acceptance of digital assets as a method of payment for legal goods and services; or
- taking or maintaining custody of digital assets using a self-hosted wallet or hardware wallet.

KENTUCKY

Multiple Taxes: Bill With IRC Conformity Update, Change to Nexus Threshold Approved

The Kentucky House of Representatives approved a tax package that includes provisions to:

- update the IRC conformity tie-in date for computing corporation and personal income tax liability; and
- eliminate the 200 transaction threshold for determining if a remote retailer or marketplace provide has economic nexus with the state and must pay sales and use tax.

H.B. 757, as approved by the Kentucky House of Representatives on March 11, 2026

A “public agency” is defined as a board, commission, department, division, bureau, committee, agency, office, instrumentality, authority, or other entity exercising any part of the executive, including the administrative, power of the state.

A “digital asset” is defined as:

- virtual currency;
- cryptocurrency;
- payment stablecoin;
- fungible and nonfungible tokens; and
- other assets that: (a) exist only in electronic form; and (b) confer economic, proprietary, or access rights or powers.

H.B. 1402, Laws 2026, effective July 1, 2026

LOUISIANA

S&U Tax: Revenue Ruling on Ridesharing Platforms Updated

The Louisiana Department of Revenue has updated a 2023 revenue ruling on peer-to-peer vehicle sharing (ridesharing) platforms to reflect 2026 legislation that changed the sales tax rate. The 2026 legislation also repealed the law prohibiting peer-to-peer vehicle sharing platforms from being marketplace facilitators. *Revenue Ruling No. 23-001*, Louisiana Department of Revenue, March 12, 2026

MAINE

S&U Tax: Commercial Agricultural Production Bulletin Updated

The Maine Revenue Services has updated its instructional bulletin pertaining to commercial agricultural production; commercial aquacultural production; commercial fishing; and commercial wood harvesting. *Sales and Use Tax Instructional Bulletin No. 59*, Maine Revenue Services, March 12, 2026

S&U Tax: Fabrication Services Bulletin Updated

Maine has revised an instructional bulletin on fabrication services to reflect the repeal of the service provider tax. Effective January 1, 2026, fabrication services formerly taxable under the service provider tax are instead subject to sales and use tax at the general rate. *Sales and Use Tax Instructional Bulletin No. 46*, Maine Revenue Services, March 12, 2026

S&U Tax: Sales Tax Base Bulletin Updated

Maine Revenue Services has updated its instructional bulletin explaining what must be included in the sale price on which sales or use tax liability is based. *Sales and Use Tax Instructional Bulletin No. 39*, Maine Revenue Services, March 12, 2026

S&U Tax: Bulletin on Living Quarters Rental Updated

Maine Revenue Services has updated the sales and use tax instructional bulletin regarding the rental of living quarters. The 2026 bulletin contains detailed information pertaining to taxable rentals, exemptions, complimentary rooms and rooms provided at reduced prices, other charges in connection with rentals of living quarters, and purchases. *Sales and Use Tax Instructional Bulletin No. 32*, Maine Revenue Services, March 12, 2026

MICHIGAN

Income Tax: Reminder Issued on Tax Filing Due Date

The Michigan Department of Treasury reminds taxpayers that individual state income tax returns are due April 15,

MICHIGAN

Multiple Taxes: Tax Relief Offered Due to Severe Weather in Cass, Branch, and St. Joseph Counties

Due to the state of emergency declared in Cass, Branch, and St. Joseph counties, individuals and businesses in those locations may apply for extensions on tax return filing or payment deadlines, with waiver of penalties and interest. The relief is available to deadlines on or before April 30, 2026, including the payment deadline for individuals (April 15, 2026), corporations (April 30, 2026), and certain flow-through entities (March 31, 2026) and the return filing and payment deadline of the monthly or quarterly sales and use tax return (March 20, 2026 or April 20, 2026). The relief does not apply to deadlines after April 30, 2026 or to federal or city income tax deadlines.

When requesting relief online, by postal service, or by phone, taxpayers must include: (i) name and account number; (ii) a description of how they were affected by severe weather; and (iii) the taxpayer or tax preparer address within the emergency area. *March 2026 Severe Storms and Tornado Notice and Press Release*, Michigan Department of Treasury, March 10, 2026

2026. Furthermore, individual and business taxpayers in Branch, Cass and St. Joseph counties may request additional time to file state tax returns and make payments. Penalties and interest will be waived for those who qualify. *News Release*, Michigan Department of Treasury, March 13, 2026

S&U Tax: Audit Upheld as Taxpayer Failed to Itemize Labor Charges

A taxpayer that operated automotive maintenance facilities could not overturn a summary judgment ruling in favor of the department because it failed to itemize labor charges in its financial documents in order to qualify for a Michigan sales tax exemption. Pursuant to statute, in order to avoid sales tax on its labor sales, the taxpayer was required to itemize labor or service charges related to maintenance and repair work on tangible personal property. Though the taxpayer claimed that an

administrative rule only required itemization of sales of tangible personal property to avoid tax on labor charges, an agency's interpretation of a statute cannot conflict with the Legislature. Therefore, the statute controls, and the taxpayer was required to itemize labor charges in its financial records.

Furthermore, the department was justified in conducting an indirect audit procedure, as the invoices submitted did not itemize labor sales and revealed problems with accuracy and completeness. The taxpayer also did not present any support that the Court of Claims failed to properly consider the documentary evidence. *Sav-Time Inc. v. Department of Treasury*, Michigan Court of Appeals, No. 370459, March 10, 2026

MINNESOTA

S&U Tax: Guidance For Meat Processors Updated

Minnesota updated its guidance on sales and use tax for meat processors. The guidance addresses tax obligations for retail sales and meat processing services, clarifies exemptions for materials used in industrial production, and provides instructions for calculating exemption percentages. It specifies that materials used in meat processing services are taxable, while those used in retail sales may qualify for exemption. Meat processors must provide exemption certificates and keep detailed records to support their claims. *Meat Processors*, Minnesota Department of Revenue, March 5, 2026

MISSOURI

Income Tax: Nonresident Missouri-Licensed Professional Individual Tax Return Filing Requirement Discussed

A nonresident individual that provides telehealth services to Missouri clients remotely is not subject to the annual Missouri individual income tax return filing requirement, if the nonresident: holds a Missouri Marriage and Family Therapy (MFT) license, operates a sole proprietorship exclusively outside of Missouri, generates more than \$600 in income from the provision of telehealth services remotely to Missouri-based clients, has no other income-generating activity associated with Missouri, and is required to file a federal income tax return.

MISSOURI

S&U Tax: Rule Amended to Provide Clarification on When Refunds for Over-Payment of Tax Allowed

The Missouri Department of Revenue has amended a rule to provide more clarification on when a refund for an over-payment of sales and use tax is allowed. *Reg. Sec. 12 CSR 10-102.016*, Missouri Department of Revenue, effective April 30, 2026

Whether the applicant has derived income from Missouri sources for purposes of the return-filing requirement depends on whether the income is attributable to a business, trade, profession, or occupation carried on in Missouri. Here, the applicant is physically located at their office located outside Missouri when performing telehealth services for the applicant's Missouri clients, operates the sole proprietorship exclusively outside of Missouri, and has no other income-generating activity attributable to Missouri. In light of the foregoing, the applicant's profession is carried on wholly outside of Missouri and the income is therefore not derived from sources within Missouri for purposes of determining the applicant's Missouri return-filing requirement. Thus, the applicant is not required to file a Missouri individual income tax return.

In addition, the Department of Revenue note that as a practical matter, nonresidents holding a Missouri MFT license are highly encouraged to file a Missouri individual income tax return, even when not required to do so by statute because the absence of a return may cause the Department to assume non-compliance and issue estimated tax notices. *Letter Ruling No. LR 8384*, Missouri Department of Revenue, February 27, 2026

Income Tax: Rule Regarding Tax of Current or Former Spouse Amended

The Missouri Department of Revenue has amended a rule regarding income tax of current or former spouses. Specifically, the amendment updates the rule to address the division of estimated income tax payments between former spouses who cannot agree on such division, coordinates the division of federal adjusted gross income between spouses in light of another regulation, clarifies

the basis for calculating the separate Missouri adjusted gross incomes of spouses filing a combined Missouri return, and makes other changes. *Reg. Sec. 12 CSR 10-2.010*, Missouri Department of Revenue, effective April 30, 2026

S&U Tax: Taxability of Novel Medical Equipment Kits Discussed

An online vendor of novel medical equipment kits is responsible for collecting Missouri sales tax on its sales of kits to physicians' offices because sales of tangible personal property do not qualify for a resale exemption. However, if the kits are only dispensable by a licensed pharmacist upon prescription of the drug to a patient by a licensed practitioner, then the applicant would not be responsible for collecting sales tax on the kits. Here, the applicant sells its kits to physicians, who then mix and administer the drug contained in the kits. When a patient visits their physician for treatment, they are seeking the services of that physician to treat their ailment, not a particular drug. Thus, the applicant's sale of kits does not qualify for an exemption from sales tax under Sec. 144.054, RSMo. In addition, the applicant's sale of kits to physicians does not qualify as a sale intended for resale for purposes of sales tax. Therefore, the applicant would normally be responsible for collecting and remitting sales tax when selling their kits to physicians' offices. However, if the kits are of the kind of drug that can only be dispensed by a licensed physician upon a patient's receipt of a prescription for the drug from a licensed practitioner, then the applicant would not be responsible for collecting sales tax on sales of kits. *Letter Ruling No. LR 8383*, Missouri Department of Revenue, February 26, 2026

S&U Tax: Taxability of Grave Monuments Discussed

An applicant's sales of grave monuments are not subject to Missouri sales tax as sales of tangible personal property. Monuments are tangible personal property. However, when the monuments are permanently affixed to real property, the monuments lose their character as tangible personal property and become part of the real property to which they are affixed.

When the applicant contracts with a purchaser for the sale of a monument and the installation of the monument is intended as part of the sale, the monument is permanently affixed to the real property, and the title passes after installation; then no sales tax is due on the

NEBRASKA

Property Tax: Owners Affected by Wildfires Urged to Submit Report of Damaged Real Property

The Department of Revenue has advised property owners that for property that has suffered significant damage due to wildfires from January 1 and before July 1 of the current assessment year, the owner may file a Form 425 (Report of Damaged Real Property). The property may be reassessed by the county board of equalization as of the date of the damage. The deadline for filing is July 15. *News Release*, Nebraska Department of Revenue, March 16, 2026

sale of the monument. Under this situation, the applicant is operating as a contractor and is deemed to be the final consumer of tangible personal property prior to the tangible personal property becoming part of the real property. As such, the applicant must pay sales or use tax on the purchase of materials for the monument. If the applicant sells a monument without installation or under a contract in which the price for the monument and the installation charge are separately stated and the title to the monument passes to the purchaser before installation, the applicant is making a retail sale of tangible personal property. The applicant must charge the purchaser sales tax on the sale of the monument, but not the separately stated installation charge. When the applicant makes both retail sales of monuments to some customers and also operates as a contractor for others, the applicant should purchase the monuments under a resale exemption certificate and not pay tax at the time of its purchases. The applicant should collect sales tax on its retail sales of monuments and self-accrue sales or use tax on the purchase price of monuments that it installed as a contractor. *Letter Ruling No. LR 8385*, Missouri Department of Revenue, February 27, 2026

NEW MEXICO

Income Tax: Advanced Energy Product Definition Amended

New Mexico has enacted legislation amending the definition of an "advanced energy product" for the

purpose of its advanced energy equipment income tax credits. Instead of defining an “advanced energy product” by referencing Internal Revenue Code section 45X, the definition now provides a specific list of eligible products and components. The list includes solar energy components, wind energy components, battery components, fusion machines and related components, certain processed and purified critical minerals, and inverters used in renewable energy systems. H.B. 154, Laws 2026, effective for tax years beginning on or after January 1, 2026

Property Tax: Disabled Veteran Exemption Clarified

New Mexico has enacted legislation intended to clarify certain requirements for its disabled veteran property tax exemption. The legislation provides that a disabled veteran must continuously occupy the property as the veteran’s principal place of residence to qualify for the exemption. It also specifies that, when two or more disabled veterans qualify for the exemption on the same property, the exemption is determined using the highest disability percentage among the eligible veteran owners. Additionally, the legislation updates statutory procedures for claiming the disabled veteran exemption, including documentation requirements, timing, and protest rights when an exemption claim is denied or pending. It allows a disabled veteran or surviving spouse to maintain the exemption on a transferred residence for the remainder of the tax year or transfer the exemption to a new principal residence within the same year. The legislation further clarifies protest procedures related to exemption determinations and aligns those procedures with existing valuation and classification protest processes. (H.B. 285), Laws 2026, effective February 25, 2026

Multiple Taxes: Tax Credit, Procedural, and Technical Changes

New Mexico has enacted changes to certain provisions of its tax laws. These changes include:

- **Interest waivers with tax deadline extension.** The Department of Revenue may now waive interest in addition to penalty when it grants a tax deadline extension for good cause.
- **Rounding.** The Department of Revenue may now round tax amounts due to the nearest nickel, as a

NEW JERSEY

Income, Property Taxes: Governor Proposes Continued Property Relief, Closing Corporate Loopholes

New Jersey Governor Mikie Sherrill has proposed a new fiscal year 2027 budget with implications for property tax and corporate income tax. The budget includes \$4.2 billion in property tax relief and adjustments to programs such as ANCHOR, Senior Freeze, and Stay NJ. Further, the governor proposes capping the deduction that the highest-earning companies can take for net operating losses and capping eligibility for the Alternative Business Calculation to a business with income of a million dollars a year. *News Release*, New Jersey Office of Governor, March 10, 2026; *Governor Sherrill Fiscal Year 2027 Budget Address*, New Jersey Office of Governor, March 10, 2026

result of federal policies ending the production of pennies.

- **Minimum penalty.** The \$5 minimum late filing penalty no longer applies to certain withholding taxes and the workers’ compensation fee.
- **Film Production Tax Credit changes.** The legislation sets the level to which a New Mexico film partner must participate in the production in order to receive the partner credit. The partner must meet one of the following requirements: (1) owns at least 50% of the production for at least a year after the last relevant expenditure; (2) owns or controls at least 50% of the intellectual property associated with the productions for at least 5 years after the last relevant expenditure; or (3) funds at least 50% of the production budget. The legislation also clarifies that credit applications must be submitted within one year of when production expenditures are incurred (rather than paid) and codifies current administrative credit claim practices. Unlike the rest of the changes in this legislation, these changes are effective for taxable years beginning January 1, 2027.
- **Technology Jobs and Research and Development Tax Credit changes.** The legislation clarifies that qualified expenditures must be essential to

conducting qualified research and caps wages eligible for the credit at \$500,000 per employee.

- **Taxation of closed-system cartridges.** The legislation provides that under the tobacco tax, closed-system cartridges containing more than five milliliters of e-liquid will be subject to the 12.5 percent tax on wholesale value, while cartridges containing 5 milliliters or less will continue to be taxed at 50 cents per cartridge.

The legislation also makes various procedural and technical changes. H.B. 291, Laws 2026, effective July 1, 2026

NORTH CAROLINA

Multiple Taxes: Guidance Issued on Significance of Change in U.S. Postal Service Postmark Policy

The U.S. Postal Service (USPS) recently updated its published guidance on what a postmark date represents and, as a result, the North Carolina Department of Revenue has issued guidance to taxpayers regarding reliance on postmarks for proof of timely mailing of tax returns and payments.

Date Document Will Be Deemed Filed or Paid

The official USPS postmark date does not necessarily indicate the first day that the postal service had possession of a mailpiece. If a document is received by the department after the due date, it will be deemed filed or paid on the following dates:

- for postmarked documents, the date of the postmark stamped on the envelope in which it was mailed; and
- for registered or certified mail, the date of registration if delivered by registered or certified mail.

Taxpayer May Request Manual Postmark

A taxpayer should be aware that the official USPS postmark date may not reflect when the document was dropped off at a post office or mailbox, which means an envelope dropped off at the post office may receive a postmark later than the actual date the document was dropped off at the USPS. A taxpayer may request a manual postmark at a USPS retail location that reflects the date the mail was accepted at the location. The department is unaware of any changes for taxpayers who rely on registered or certified mail for proof of delivery and timely mailing. *Important Notice: USPS Changes May Delay*

SOUTH DAKOTA

Property Tax: Provisions for Refunds for Qualifying Veterans and Surviving Spouses Enacted

South Dakota has enacted a law providing property tax refund extensions for paraplegic veterans, veterans with the loss or loss of use of both lower extremities, and their un-remarried surviving spouses. The amendment establishes the ability for those eligible to petition for a refund of taxes paid in the previous four years if they missed the application deadlines, allowing the county commissioners discretion to approve such refunds. S.B. 12, Laws 2026, effective July 1, 2026

Postmarks, North Carolina Department of Revenue, March 11, 2026

RHODE ISLAND

S&U Tax: Hotel Industry Guide Issued

The Rhode Island Division of Taxation has issued a comprehensive guide for the hotel industry summarizing state and local sales tax obligations. The guide includes information on rates, exemptions, and filing. *Hotel Industry and Rhode Island Tax Guide for Businesses*, Rhode Island Division of Taxation, March 12, 2026

SOUTH DAKOTA

S&U Tax: Soil Amendment Purchases Exempted from Tax

South Dakota has enacted an exemption for sales tax on soil amendments used exclusively for agricultural purposes. The exemption applies to purchases of 500 pounds or more in a single transaction. H.B. 1254, Laws 2026, effective July 1, 2026

S&U Tax: Counties Authorized To Provide Property Tax Relief Through Gross Receipts Tax

South Dakota has authorized counties to impose a gross receipts tax of up to 0.5% on the sale of tangible personal

property, products transferred electronically, and taxable services. The Department of Revenue is tasked with administering the tax. S.B. 96, Laws 2026, effective July 1, 2026

S&U Tax: Tax Collection Agreements With Indian Tribes Expanded

South Dakota updated its tax collection agreements with Indian tribes to include provisions for collecting both state and tribal taxes relating to sales and use tax on transactions with out-of-state sellers and marketplace sellers. H.B. 1233, Laws 2026, effective July 1, 2026

S&U, Misc. Taxes: Municipalities Authorized To Implement Local Tax For Capital Improvements

South Dakota has authorized municipalities to impose a local gross receipts tax of up to 1% for funding capital improvement projects. The tax requires voter approval through an election and must be allocated to a special capital outlay fund for specified expenditures like property acquisition, construction, or renovation. H.B. 1245, Laws 2026, effective July 1 after enacted

S&U, Property Taxes: Income Thresholds for Property and Sales Tax Refund Programs Amended

South Dakota has modified the state's sales tax refund and property tax relief programs for elderly persons and individuals with disabilities. Several statutes have been amended to clarify and update eligibility criteria, income thresholds, and refund amounts.

Income thresholds for tax refund eligibility are increased: single-person households with incomes up to \$17,215 may receive up to \$500, and multi-person households with incomes up to \$23,265 may receive up to \$1,000, with refunds determined on a pro rata basis.

The amendments also:

- allow municipalities to waive or reduce special assessments for owner-occupied single-family dwellings if the head of household is 65 or older, disabled, or has an income below the federal poverty level;
- clarify that receiving a retail sales and service tax refund or a property tax assessment freeze does

WISCONSIN

S&U Tax: Guidance on Penny Shortage Impact

The Wisconsin Department of Revenue has provided guidance to retailers about the calculation of Wisconsin sales and use taxes on cash transactions impacted by penny shortages. The penny shortage is due to the United States Treasury no longer minting or producing new pennies for circulation. The shortage does not impact how sales tax is calculated on a retail sale. Retailers multiply the sales price of taxable items by the Wisconsin sales tax rates and round that amount to the nearest cent (\$0.01). If a retailer chooses to round the cash transaction to the nearest nickel, such rounding should occur after the sales tax is calculated. Note that this guidance applies only to Wisconsin sales and use tax. *Article*, Wisconsin Department of Revenue, March 10, 2026

not disqualify individuals from other property tax reductions;

- update the reference to the United States Internal Revenue Code to its status as of January 1, 2025, ensuring alignment with federal definitions;
- maintain property tax reductions for paraplegics or individuals with loss of use of both lower extremities, if the dwelling was owned and occupied for the full prior calendar year; and
- repeal multiple sections of existing law, particularly those related to outdated or redundant property tax relief provisions.

S.B. 21, Laws 2026, effective July 1, 2026

Property Tax: Tax Relief Expanded For Disabled Veterans And Surviving Spouses

South Dakota has updated property tax relief provisions for disabled veterans and their surviving spouses. The \$200,000 exemption of the property's value from taxation remains in place, with opportunities for retroactive refunds or abatements for up to four years under certain conditions.

The bill creates more flexible options for applicants who miss standard deadlines, permitting them to request

tax recalculation, abatement, or refunds from the county board of commissioners. It also allows retroactive relief for up to four years when the delay results from a pending VA disability claim. The exemption remains in effect until ownership changes, the property is no longer occupied by the veteran or spouse, the surviving spouse remarries, or the property's use changes. H.B. 1193, Laws 2026, effective July 1, 2026

Property Tax: Tax Bills Required To Include Digital Access To Information

South Dakota has mandated that property tax bills include a QR code and an internet address directing taxpayers to a state-maintained website. This website must provide supplementary information on property taxation and property tax relief programs. H.B. 1258, Laws 2026, effective July 1, 2026

Property Tax: Garages And Structures Clarified For Tax Classification

South Dakota updated its property tax classification laws to clarify that multiple garages and ancillary structures related to an owner-occupied single-family dwelling are eligible for classification as owner-occupied. The legislation specifies that contractors may classify up to four single-family dwellings as owner-occupied for tax purposes, with restrictions on occupancy and duration. S.B. 154, Laws 2026, effective July 1, 2026

Property Tax: Municipalities Authorized To Establish Tax Rebate Programs

South Dakota has authorized municipalities to establish property tax rebate programs for owner-occupied single-family dwellings. Only municipal property taxes are eligible for rebates under these programs. H.B. 1260, Laws 2026, effective July 1, 2026

TEXAS

Income Tax: Sourcing of Gross Receipts to Point of Transfer Upheld

A recent decision by the Supreme Court of Texas held that administrative rules sourcing gross receipts for sales of tangible personal property to Texas based on the place of transfer or delivery to a buyer in the state were

constitutional and consistent with the plain language of the underlying statute. The Court determined that the statute unambiguously sourced receipts to Texas when possession and control of goods were transferred to a buyer at a Texas location, regardless of whether the buyer subsequently transported the goods to another jurisdiction for use, consumption, or sale. The taxpayer, who sells bunker fuel for use in large ships, argued that the statute employed an ultimate-destination or market-based sourcing rule tied to the buyer's location of use or consumption. However, the Court held that the statutory language "delivered or shipped to a buyer in this state" required a destination-based sourcing rule determined solely by the place of delivery or transfer to the buyer, without regard to the buyer's intended use. *NuStar Energy, L.P. v. Comptroller of Public Accounts of the State of Texas*, Supreme Court of Texas, No. 24-0037, March 13, 2026

UTAH

S&U Tax: General Information Publication Revised

The Utah State Tax Commission has revised a publication providing basic sales and use tax information. The publication includes Utah tax law and Tax Commission rules, but it is not all inclusive. Further, the publication discusses, among other topics, sales-based tax rates and types; sales and use tax exemptions; calculating sales tax; payments by gold or silver coin; filing and reporting requirements; and additional information related to various types of transactions. *Publication 25*, Utah State Tax Commission, February 2026

Property Tax: Business Personal Property Guidance Updated

The Utah State Tax Commission has updated its publication on business personal property taxes. Topics covered in the publication include definitions, assessment, valuation, taxation, appeals, and audits. *Publication 20*, Utah State Tax Commission, February 2026

Property Tax: Taxpayer Information Sharing Provisions Amended

Enacted Utah legislation provides for information sharing between the Driver License Division and county assessors. Specifically, the legislation:

- authorizes the Driver License Division to disclose certain driver license information to county assessors upon request; and
- provides that a county assessor may use driver license information disclosed by the Drivers License Division only for purposes of verifying a property owner's eligibility to receive a residential property tax exemption.

H.B. 46, Laws 2026, effective July 1, 2026

WASHINGTON

S&U Tax: Exemption For Coal Used at Certain Thermal Electric Facility Repealed

The Washington sales and use tax exemptions for coal used to generate electric power at a coal-fired thermal electric generation facility placed in operation after December 3, 1969 and before July 1, 1975, are eliminated. For the enacted bill, please see the legislative website. Ch. 37 (H.B. 2367), Laws 2026, effective March 11, 2026

S&U Tax: Guidance on Self-Produced Fuels Updated

The Washington Department of Revenue has updated guidance on the applicability of sales and use tax and business and occupation (B&O) tax to self-produced fuels. The use tax value of refinery fuel gas for the period of April 1, 2026 through June 30, 2026 is \$2.91 per million Btu. *Tax Topics: Businesses Owe State Use Tax on Self-Produced Fuel Used*, Washington Department of Revenue, March 12, 2026

S&U Tax: Definition of Rural County for Public Facilities Funding Amended

For purposes of Washington's rural county sales and use tax, the definition of "rural county" has been expanded. A "rural county" includes a county with a population density of 100 persons per square mile or greater, with no city with a population greater than 45,000 persons. For the enacted bill, see the legislative website. S.B. 6149, Laws 2026, effective 90 days after adjournment

Property Tax: Exemption For Public Assembly Halls Owned by Nonprofits Amended

Beginning with Washington property taxes levied for collection in 2027 and after, for purposes of the public assembly hall nonprofit exemption, the limitation for regularly scheduled fundraising activities in public assembly halls owned by a nonprofit organization, is increased from 15 to 50 days.

For the enacted bill, see the legislative website. H.B. 2431, Laws 2026, effective 90 days after adjournment

Property Tax: Acreage Limit For Nonprofit Public Assembly Hall Exemption is Removed

For Washington property taxes levied in 2027 and after, the acreage limit for the exemption for nonprofit public assembly halls is eliminated. For the enacted bill, see the legislative website. S.B. 5252, Laws 2026, effective 90 days after adjournment