

# State Tax Review<sup>®</sup>

by CCH Tax Law Editors



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## Illinois Governor Signs Budget Revenue Package

Illinois Gov. JB Pritzker signed the budget revenue package containing numerous changes to corporate and personal income tax, sales and use tax, cigarette and tobacco product tax, and motor fuel tax provisions. The package also includes three different amnesty programs and a new monthly tax on internet and mobile application sports wagering (see TAXDAY 2025/06/12, S.4). P.A. 104-6 (H.B. 2755), Laws 2025, effective June 16, 2025 and as noted in previous story

## Texas Research and Development Tax Credit Revised

Texas has repealed its prior research and development tax credit and its associated tax credit and replaced them with a revised research and development tax credit. The credit varies based on prior expenses and collaborations, ranging from 4.361% to 10.903%, and provides a refundable option for entities owing no tax. (S.B. 2206), Laws 2025, effective January 1, 2026

## Nonexclusive Use of Data Center Was Taxable in Washington

An owner of a Washington data center that provided space with the center to its customers was subject to business and occupation (B&O) tax under the service and other activities classification on contracts that provided a license to use. For those contracts that provided for the lease or rental of real estate, the taxpayer was exempt.

The contract that contained language allowing the taxpayer to monitor the customer's installation, operation, and maintenance of its telecommunications equipment and to relocate customer equipment, did not rise to the level of exclusive control indicating a lease of real property. For such contracts, B&O tax was properly imposed. Furthermore, income earned from licensing space in the data center is not taxable in another state and therefore is not apportionable outside of Washington.

The contract that required the customer to pay its share of utilities and costs of operating the facility, gave a right to audit the taxpayer's records, and to sublease leased premises, indicated more than a license to use. For contracts with similar terms, the taxpayer was exempt from B&O tax. *Determination No. 22-0133*, Washington Department of Revenue, June 20, 2025

### THIS WEEK'S HIGHLIGHTS

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## ARIZONA

### S&U Tax: Local Rate Changes Announced

The Arizona Department of Revenue has announced new local transaction privilege tax (TPT) rate changes.

**City of Douglas** (Effective July 1, 2025) Amusements tax rate decreased from 3.8% to 0.0% (with a three-year sunset provision).

**City of Flagstaff** (Effective July 1, 2025) Local transaction privilege tax rate increased from 0.295% to 0.500%.

**City of Phoenix** (Effective July 1, 2025) Privilege and use tax rate increased from 2.3% to 2.8%.

**City of Scottsdale** (Effective July 1, 2025) Privilege tax rate changed to 1.70%. Use tax rate changed to 1.50%.

**Cochise County** (Effective August 1, 2025) Jail District excise tax ended, decreasing total combined tax by 0.313% or 0.5% depending on classification. Most transactions will now have a 6.1% combined rate.

**City of Maricopa** (Effective October 1, 2025) General transaction privilege tax rate increased by 0.5%, excluding Hotels, Transient Lodging, and Retail Sales of Food for Home Consumption. *TPT Newsletter*, Arizona Department of Revenue, June 2025

### S&U Tax: Limits for Local Taxes on Groceries Being Sent to the Voters

Arizona will place a proposition on the ballot that would alter how cities and towns impose taxes on food for home consumption, including groceries. Specifically, if passed, beginning July 1, 2027, any city, town, or other local taxing jurisdiction that did not have a transaction privilege tax on food for home consumption in place as of January 1, 2025, would be required to obtain voter approval before implementing such a tax. The tax will be capped at 2%, and no new tax can occur before June 30, 2027.

Existing taxes in place before the cutoff date are allowed to continue without additional approval. However, existing rates will also be capped at 2%, and must be reduced by July 1, 2027, if currently higher than the cap. Additionally, local jurisdictions must not increase the

existing tax rate before June 30, 2027. Arizona H.C.R., Laws 2025, effective retroactively to from and after December 31, 2024, and subject to approval of the voters at the next general election

### Misc. Tax: Mileage-Based Taxes Prohibited

Arizona proposed a constitutional amendment that would prohibit the state and local governments from imposing taxes based on vehicle miles traveled (VMT) and from limiting the number of miles individuals can drive unless voluntary consent is given, with exceptions for interstate commercial vehicle agreements and state-owned vehicles. The measure is now set to appear on the next general election ballot. If approved by voters, Arizona would become the first state to enshrine such a restriction in its constitution, effectively blocking any future attempts to implement VMT taxes or mileage caps. S.C.R. 1004, Laws 2025, effective as noted above

## COLORADO

### Property Tax: Court Affirms Local District Couldn't Be Forced to Impose Mill Levy

The Colorado Court of Appeals upheld a ruling that the Marin Metropolitan District (MMD) cannot be forced to impose a 2008 mill levy on vacant land owned by Century at Landmark, LLC. The levy was tied to over \$30 million in bonds issued to fund infrastructure that was never built due to developer fraud. The court found the levy to be a special assessment—not a general tax—and ruled that the vacant land received no benefit from the bond proceeds, making the levy unconstitutional under due process. It also rejected claims by bondholders Colorado Bondshares and UMB Bank, including arguments based on unjust enrichment and constitutional debt obligations, affirming that MMD was not liable for further repayment. *Marin Metropolitan District v. Colorado Bondshares*, Colorado Court of Appeals, No. 24CA1092, June 12, 2025

## CONNECTICUT

### S&U Tax: 2025-2026 Prepaid Wireless E 9-1-1 Fee Announced

Effective July 1, 2025, through June 30, 2026, the Connecticut prepaid wireless E 9-1-1 fee that retailers of prepaid wireless telecommunications service are required to collect from consumers is \$0.69 (formerly, \$0.73). Each June, the Connecticut Public Utility Regulatory Authority (PURA) assesses a fee on telecommunications service subscribers, which also applies to prepaid wireless communications service. *TSSB 2025-3*, Connecticut Department of Revenue Services, June 18, 2025

### Unclaimed Property: Time Period Under Which Funeral Service Contracts Are Presumed Abandoned Is Established

Circumstances under which property held as part of a funeral service contract is presumed abandoned are established for Connecticut unclaimed property purposes.

#### *Funeral Service Contracts*

Any property held pursuant to a funeral service contract will be presumed abandoned unless the beneficiary or purchaser has indicated an interest in such property not later than one year after such property becomes payable or distributable. Such property will be considered payable or distributable on the earliest of:

- when the property holder receives affirmative notice about the death of a beneficiary for which the holder maintains an escrow account;
- the beneficiary's 110th birthday; or
- 75 years after the funeral service contract's execution.

A "funeral service contract" is a contract requiring compensation in exchange for funeral, burial, or related services or items that are not immediately needed. Compensation may be paid as money, securities, or the assignment of a life insurance policy's death benefit. These contracts are sometimes called "prepaid" or "pre-need" funeral service contracts because the individual pays for services to be provided in the future. Act 25-81 (S.B. 1434), Laws 2025, effective July 1, 2025

## INDIANA

### S&U Tax: July 2025 Gasoline Use Tax Rate Announced

The Indiana gasoline use tax rate for the month of July 2025, is \$0.175 per gallon. *Departmental Notice #2*, Indiana Department of Revenue, July 2025

## FLORIDA

### S&U Tax: 2025-2026 Indexed Tax Rate on Asphalt for a Contractor's Own Use Announced

Effective July 1, 2025, through June 30, 2026, the indexed tax rate for the calculation of Florida use tax due on asphalt manufactured by a contractor for the contractor's own use is \$1.16 (formerly, \$1.15) per ton. The indexed tax is adjusted on July 1 of each year using a producer price index published by the U.S. Department of Labor, Bureau of Labor Statistics. Manufactured asphalt used in federal, state, and local government public works projects is exempt from the indexed tax. *Tax Information Publication, No. 25A01-10*, Florida Department of Revenue, June 19, 2025

## GEORGIA

### Income Tax: Allocation Of Gross Receipts Across Nationwide Offices Upheld

The Georgia Court of Appeals affirmed the trial court's decision granting the taxpayer a partial refund of business occupation taxes, holding that Georgia law requires gross receipts to be divided among all contributing offices, both in-state and out-of-state. The court determined that businesses with multiple locations must calculate occupation tax liability by dividing Georgia gross receipts reported to local governments by the total number of offices contributing to those receipts, regardless of geographic location. The court emphasized that the statute's plain language allows inclusion of out-of-state offices and rejected the appellant's assertion to limit apportionment to Georgia offices. *City Of Atlanta v. Block*

*Inc.*, Court of Appeals of Georgia, No. A25A0120, June 17, 2025

## Income Tax: Consolidated Filing Regulations Updated

Georgia has revised its rules governing the filing of consolidated corporate income tax returns, streamlining the process for affiliated groups that already file a federal consolidated return. Under the updated regulation, these groups are no longer required to petition the Commissioner for permission to file a consolidated return in Georgia. Instead, they may elect to do so by making the election on a timely filed original return, including any extensions. Once made, this election is irrevocable for a period of five years and is binding on both the taxpayer group and the Department of Revenue.

For groups that had previously received approval to file consolidated returns under the older rules, there are now three options available. They may continue filing under the original terms, opt into the new regulation, or discontinue consolidated filing and revert to separate returns. If a group chooses to continue under the old rules, it must indicate this choice by checking the appropriate boxes on its return.

A significant procedural change is the requirement that income or loss be consolidated on a post-apportionment basis. This means each corporation within the group must calculate its Georgia taxable income individually before the results are combined. The revised regulation also includes detailed provisions addressing the computation of net worth tax, the use and assignment of tax credits, the treatment of net operating loss deductions, and the handling of estimated tax payments. Additionally, it outlines transition rules for credit carryforwards from prior consolidated filings, ensuring continuity and clarity for taxpayers navigating the shift to the new framework. *Regulations*, Georgia Department of Revenue, effective for taxable years beginning on or after January 1, 2023

## Income Tax: Rural Physician Tax Credit Regulation Updated

Georgia has updated its regulation governing the rural physician tax credit, with changes taking effect for tax years beginning on or after January 1, 2024. One of the changes conforms with statutory amendments and redefines what constitutes a “rural county.” Previously, a rural county was defined based on population

## LOUISIANA

### Income Tax: Withholding Tables Updated

The Louisiana Department of Revenue has issued updated income tax withholding tables for 2025 reflecting the new flat 3% individual income tax rate enacted during the Third Extraordinary Session of the Louisiana Legislature. *LAC 61:1.1501*, Louisiana Department of Revenue, June 20, 2025

density—specifically, counties with 65 or fewer persons per square mile, as determined by the most recent U.S. decennial census. Under the new rule, a rural county is now defined as one with a total population of less than 50,000, based on the 2020 census or any future census. Additionally, for counties that contain a military base or installation, military personnel and their dependents are excluded from the population count when determining rural status.

The regulation also introduces new provisions to ensure continuity for physicians who qualified for the credit under earlier census definitions. Physicians who were practicing and residing in counties that qualified as rural under the 2010 or 2020 census before 2024 can continue to claim the credit, even if those counties no longer meet the new population-based definition. This grandfathering approach helps maintain eligibility for those already serving in rural areas.

However, the regulation clarifies that physicians who were already practicing in a county that only became rural under a newer census—such as the 2020 census—do not qualify for the credit if that county was not considered rural under the previous census. This prevents retroactive eligibility based solely on shifting census classifications.

Another important change addresses hospital size. If a rural hospital where a physician practices expands beyond 100 beds, the physician may still qualify for the credit, provided all other eligibility criteria are met. This ensures that physicians are not penalized for hospital growth that is beyond their control.

The regulation also reiterates that the rural physician tax credit is non-refundable and cannot be carried forward or applied to prior tax years. The maximum credit remains \$5,000 per year for up to five years, and the credit

is set to expire on December 31, 2029, unless extended by future legislation. *Regulations*, Georgia Department of Revenue, effective for tax years beginning on or after January 1, 2024

## HAWAII

### Income Tax, Practice and Procedure: Delay Over for Law Requiring Partnerships, Estates, and Trusts to Withhold Nonresident Partners Income Tax

The Hawaii Department of Taxation (department) issued an Announcement that supersedes Announcement No. 2019-08 regarding the “Delay in Implementing the Withholding of Taxes on Income of Nonresident Partners and Beneficiaries of Partnerships, Estates, and Trusts; Act 232 Session Laws of Hawaii 2019.” There had been a delay in implementing the law regarding the withholding of taxes on income of nonresident partners and beneficiaries of partnerships, estates, and trusts. Act 232 became effective on July 2, 2019, and is applicable to tax years beginning after December 31, 2018. Act 232 requires income tax withholding for nonresident taxpayers on the basis of the taxpayer’s distributive share of income attributable to the state as reflected in the partnership’s, estate’s, and trust’s return for the tax period. The amount withheld equals the highest marginal tax rate applicable to a nonresident taxpayer multiplied by the amount of the taxpayer’s distributive share of income attributable to the state. Further, the Act provides an exemption from withholding for publicly traded partnerships which are required to file an annual information return of each unit holder with income sourced to Hawaii. For tax year 2025 and after, the department will process the withholding of income tax by partnerships, estates, and trusts as mandated by Act 232. Taxpayers should use department Form N-4P and Schedule NP to report Hawaii income taxes withheld from a nonresident partner and Form N-4T and Schedule NT if the taxpayer is a trust or estate. No quarterly withholding payments are required for partnership, trust, and estate withholding, and any payments can be made with the entity’s tax return filing. Quarterly payments may still be made by filing Form N-201V or online at Hawaii Tax Online. If withholding payments are not made on submission of the Form N-4Ps to the nonresident partners, then claims for withholding

## LOUISIANA

### Tobacco Tax: Cigar Tax Changed for 2026 and 2027

From January 1, 2026, through December 31, 2027, cigars invoiced by manufacturers at more than \$2,500 per 1,000 are taxed at 50¢ per cigar (outside of that period, cigars are taxed at 20% of the invoice price). Act 266 (H.B. 325), Laws 2025, effective as noted

on nonresident partners’ tax returns may be denied. *Announcement No. 2025-02*, Hawaii Department of Taxation, June 13, 2025

## ILLINOIS

### Tobacco Tax: License Fee for Tobacco Retailers Increased

Illinois is increasing the annual tobacco retailer license fee for retailers of tobacco products. Effective July 1, 2025, the fee increases from \$75 to \$150 for each retail location. *Informational Bulletin FY 2025-27*, Illinois Department of Revenue, June 2025

### Utilities Tax: Telecommunications Excise Tax Rate Increased

Illinois is increasing the telecommunications excise tax rate from 7% to 8.65%, effective July 1, 2025. The increase includes a new monthly 1.65% surcharge to support the state’s 9-8-8 Suicide and Crisis Lifeline. *Informational Bulletin FY 2025-26*, Illinois Department of Revenue, June 2025

### Multiple Taxes: Manufacturing Credit Added, Other Incentives Modified

The Illinois budget revenue legislation (see TAXDAY 2025/06/12, S.4; TAXDAY 2025/06/20, S.4) includes tax incentive provisions that:

- add income tax credits for advanced innovative manufacturing projects in the state ranging from 3% to 7% of capital investments based on the amount of those investments, effective for tax years beginning on or after January 1, 2026;

- authorize river edge redevelopment zone certification for the cities of Alton and Sterling, so taxpayers and projects in those cities can qualify for construction job credits, historic preservation credits, building materials sales tax exemptions, and other incentives;
- place a 40% limit on film production credits for wages, salaries, and benefits paid to producers, directors, screenwriters, and cast members (12% if paid to related parties) and a fair-market value limit on amounts paid to off camera and technical service providers;
- extend REV Illinois income tax credits, building materials sales tax exemptions, and utility tax exemptions to manufacturers of hybrid-electric vehicles (HEVs) and electrical transformers or transformer parts;
- expand eligibility for apprenticeship education expense credits to include accredited training organizations that are not affiliated with secondary schools and expenses subject to preapproval by the Illinois Department of Commerce and Opportunity;
- provide a withholding tax credit under the EDGE program for a business that invests \$100 million or more in the state and retains 500 or more full-time jobs;
- establish an EDGE withholding tax credit for a steel product recycling and manufacturing business that retains 700 or more full-time jobs in the state, relocates its headquarters to the state, and invests \$40 million or more within 4 years after the effective date of a credit agreement; and
- create additional income tax credits, sales tax exemptions, and utility tax exemptions for a high impact business (HIB) that invests in the construction of a high voltage direct current converter station in the state.

PA. 104-06 (H.B. 2755), Laws 2025, effective June 16, 2025 and as noted

## INDIANA

### Income Tax: Updated Guidance Provided on Civil Service Annuity Adjustment and Military Retirement or Survivor's Benefit Deduction

Updated guidance is provided on the civil service annuity adjustment, which is a deduction for a portion

## NEBRASKA

### Motor Fuel Tax: Motor Fuels Tax Rate Announced

The Nebraska Department of Revenue has announced that from July 1 through December 31, 2025, the motor fuel tax rate increases to 31.8 cents per gallon. The notice can be viewed on the department's website. *News Release*, Nebraska Department of Revenue, June 20, 2025

of a federal civil service annuity, and the deduction for military retirement pay or survivor's benefits, for Indiana personal income tax purposes. Regarding the military service deduction for military retirement pay or survivor's benefits received as a result of an individual's active or reserve service in the armed services, effective January 1, 2025, this includes the United States Space Force, the United States Public Health Service Commissioned Corps, and the National Oceanic and Atmospheric Administration Commissioned Officer Corps. *Income Tax Information Bulletin #6*, Indiana Department of Revenue, June 2025

### S&U Tax: Guidance on Gross Retail Income is Updated

Guidance regarding gross retail income is updated for Indiana sales and use tax purposes. Gross retail income is the total amount of consideration received by a retail merchant in a retail transaction upon which a retail merchant must charge Indiana sales tax. *Sales Tax Information Bulletin #92*, Indiana Department of Revenue, June 2025

### S&U Tax: Agricultural Production Exemptions Guidance Is Updated

Indiana sales and use tax guidance regarding agricultural production exemptions is updated to reflect a new exemption for agricultural commodities sold at the Indiana State Fair. Effective July 1, 2025, sales of agricultural commodities by an agricultural commodity trade association are exempt from Indiana sales tax provided the transaction is conducted at the Indiana state fair in order to make money to carry on the agricultural commodity trade association's nonprofit purpose. In order to obtain this exemption, an agricultural commodity

trade association must first either be registered as a retail merchant with the department or establish with the department that they are not required to be registered as a retail merchant at the time of the transaction. *Sales Tax Information Bulletin #9*, Indiana Department of Revenue, June 2025

## IOWA

### Tobacco Tax: Cigarette & Tobacco Electronic Filing Requirement

Iowa has enacted legislation requiring certain tax returns, permits, bonds, and reports related to cigarettes, tobacco products, alternative nicotine products, and vapor products be filed electronically effective July 1, 2025. Retail permits for tobacco, tobacco products, alternative nicotine products, and vapor products are issued by the Iowa Department of Revenue after the approval of the city or county in which the retailer is located. Local permit fees are collected by the Department and remitted to the city or county in which the retailer is located. A person who fails to timely submit a required return, report, or other documentation upon which no tax is shown due is subject to a civil penalty. Any application, bond, fee, report, return, remittance, or other documentation required to be submitted electronically that is not submitted electronically is considered not to be a valid submission. The Department has also released updated guidance regarding the changes. The Department will continue to accept cigarette and tobacco filings (except retail tobacco permit applications) that are not submitted electronically until July 31, 2025. Beginning August 1, 2025, the Department will only accept cigarette and tobacco filings that are submitted electronically using GovConnectIowa. Persons who are unable to file electronically must request and receive permission from the Department to file using another method before doing so. S.F. 612, Laws 2025, effective as noted above

## MASSACHUSETTS

### S&U Tax: Cable Television Device Exemption Criteria Clarified

Massachusetts issued guidance on the sales and use tax applicable to cable television devices. Devices limited to receiving programming or information from a cable provider for television transmission and implementing parental controls qualify for tax exemptions. Devices with

## NEVADA

### Tobacco Tax: Taxation Expanded To Include Remote Sales Of Cigars and Pipe Tobacco

Nevada has introduced measures affecting the taxation and licensing of remote sales of cigars and pipe tobacco. The new law imposes a 30% tax on remote sales based on the actual cost, with specific thresholds for applicability. Licensing requirements now align remote retail sellers with wholesale dealer standards, including fees, recordkeeping, and penalties for noncompliance. The law indicates that the state will adopt regulations in order to implement the law. Ch. 476 (A.B. 471), Laws 2025, effective January 1, 2026

additional functionalities, such as scheduling, recording, storing, or playing back content, accessing software applications, or transmitting recorded content to other devices, do not qualify for these exemptions. *Directive 25-1*, Massachusetts Department of Revenue, June 13, 2025

## MINNESOTA

### S&U Tax: Reminder Issued on Cannabis Tax Increase

The Minnesota Department of Revenue issued a reminder that recently enacted legislation increases the cannabis tax rate from 10% to 15%, effective July 1, 2025. These products are also subject to both:

- a 6.875% state general rate sales tax; and
- any applicable local sales taxes based on where the transaction takes place.

The Department also updated the cannabis guide to reflect this tax rate increase. *Notice*, Minnesota Department of Revenue, June 18, 2025; *Cannabis Guide*, Minnesota Department of Revenue, June 18, 2025

## NEVADA

### S&U Tax: Tax Exemption Criteria Tightened For Nonprofit Organizations

Nevada's Department of Taxation has revised the criteria for nonprofit organizations to qualify for sales and use

tax exemptions, requiring compliance with enhanced standards. In determining whether an organization is created for charitable purposes, the Department of Revenue and the Nevada Tax Commission will consider whether the organization:

- operates exclusively for any exempt purpose under section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. §501(c)(3), and the organization is recognized as exempt by the Internal Revenue Service pursuant to section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. §501(c)(3);
- provides relief to the poor, distressed or underprivileged;
- supports the advancement of religion;
- provides for the advancement of education or science;
- helps lessen the burden of government;
- supports efforts to eliminate prejudice and discrimination;
- aids in defending human and civil rights secured by law; or
- combats community deterioration and juvenile delinquency.

Additionally, the Department must provide explanations for denied exemptions and submit biennial reports to the Legislature detailing exemption applications and decisions. Ch. 255 (A.B. 535), Laws 2025, effective July 1, 2025

## Property Tax: Tax Increment Areas Authorized for Infrastructure Funding

Nevada has expanded its property tax framework by enabling the creation of tax increment areas within inland ports and newly authorized industrial parks. These areas allow municipalities to allocate excess property taxes toward funding specific developmental projects, including infrastructure improvements, through bonds or securities. Ch. 427 (A.B. 462), Laws 2025, effective July 1, 2025

## Property Tax: Agricultural Land Classification Expanded To Include Agrivoltaic Uses

Nevada expands its property tax framework to include agrivoltaic systems, which integrate solar energy production with agricultural use on the same land. Land qualifying for agrivoltaic purposes will be assessed based on its combined agricultural and solar energy production

## OREGON

### Income Tax: Child Tax Credit Limits Updated

Oregon has amended the child tax credit's qualifying income limits. The qualifying income limit is updated to require the addback of the sum of losses over \$20,000 and foreign earned income, as defined in IRC Sec. 911, that is excluded from adjusted gross income. The change applies to tax year beginning on or after January 1, 2025. H.B. 2339, Laws 2025, effective 91 days after adjournment

value, with eligibility restrictions for properties receiving tax abatements under specified programs.

The new law amends existing statutes to explicitly define "agrivoltaic purposes" as the integrated use of land for both solar energy production and agricultural activities, such as crop or livestock farming. This integration must be designed in a way that supports and does not hinder agricultural productivity. The law ensures that land used in this manner qualifies for the same favorable tax treatment as traditional agricultural land, provided it meets certain criteria.

Under the revised provisions, property owners may apply for an agricultural use assessment with their county assessor or the Nevada Department of Taxation. If approved, the land is assessed at 35% of its agricultural value. However, the law includes safeguards to prevent double-dipping: if the solar energy component of the agrivoltaic system is already receiving a separate tax abatement, the land is disqualified from receiving the agricultural use assessment.

The legislation also mandates that the valuation of agrivoltaic land for tax purposes must consider the integrated nature of its use. This means assessors must evaluate both the agricultural and solar energy components together, rather than separately, to determine the land's taxable value. Ch. 480 (A.B. 479), Laws 2025, effective October 1, 2025

### Property Tax: Ad Valorem Rates Set For Bond Repayment

Nevada has imposed two separate ad valorem property tax levies for the fiscal years 2025–2026 and 2026–2027. The

first levy is set at 16.18¢ per \$100 of assessed valuation and applies to all taxable property in the state, including the net proceeds of minerals. Of this amount, 1.18¢ is exempt from the statutory cap on total ad valorem taxes under NRS 361.453.

The second levy is 0.82¢ per \$100 of assessed valuation for the same fiscal years. This portion is specifically earmarked for repaying bonded debt issued under two prior legislative acts from 2001 and 2019. Like the first levy, this amount is also excluded from the statutory tax cap. Ch. 514 (S.B. 502), Laws 2025, effective June 10, 2025

## Property Tax, Practice and Procedure: Administrative Updates Enacted

Nevada has enacted a series of administrative updates affecting local government operations and tax procedures. Changes include:

- revisions to the operating hours of county treasurers' offices, mandating that they remain open until at least 5 p.m. on business days; and
- modification to the language in tax delinquency notices and related property sale procedures, replacing fixed deadlines like "5 p.m." with the more flexible "close of business;" this affects the timing of issuing certificates for delinquent properties, reconveyance rights, and the issuance of quitclaim deeds.

S.B. 15, Laws 2025, effective July 1, 2025

## Misc. Tax: Cannabis Compliance Board Expands Regulatory Framework And Considers Tax Revisions

The Cannabis Advisory Commission is required to form a subcommittee to conduct a comprehensive study on the taxation of cannabis and cannabis products in Nevada. This study must explore various potential changes to the current tax structure, including:

- the impact of eliminating certain excise taxes under NRS 372A.290 subsections 1 and 2, while increasing the tax under subsection 3;
- the feasibility and consequences of imposing an excise tax on retail sales of consumable hemp products; and
- other tax modifications that maintain at least a revenue-neutral effect on the State Education Fund.

For each proposed change, the subcommittee must evaluate several factors. These include the potential effect on retail prices, necessary regulatory adjustments,

## SOUTH CAROLINA

### Income Tax: Reduction in Top Marginal Rate for 2025 Announced

As a result of the recently enacted South Carolina budget (2025/06/18, S.15), the Department of Revenue has advised that the top marginal personal income tax rate is reduced to 6% for tax year 2025, effective July 1, 2025. Individuals who are making 2025 estimated tax payments and are taxed at the top marginal rate may choose to adjust their 3rd quarter and 4th quarter estimated payments accordingly. Information Letter 25-11, South Carolina Department of Revenue, June 19, 2025; Individual Income Tax Rates, South Carolina Department of Revenue, June 2025

financial implications for medical and recreational cannabis users and license holders, the influence on the unlicensed cannabis and hemp markets, and the projected long-term impact on the State Education Fund.

The Commission is required to submit a detailed report of its findings and any legislative recommendations by October 5, 2026. Ch. 458 (A.B. 76), Laws 2025, effective June 10, 2025

### Multiple Taxes: Tax Deadline Revised And Incentives Expanded

Nevada has revised several tax-related provisions affecting commerce, sales, and property taxes.

#### *Electronic Communication by the Department of Taxation*

The Nevada Department of Taxation is authorized to deliver notices, decisions, and other official communications electronically under certain conditions.

#### *Changes to Economic Development Incentives*

The Board of Economic Development is granted the authority to deny applications for tax abatements, partial abatements, or transferable tax credits if specific criteria are not met.

#### *Commerce Tax Classification Revisions*

The legislation updates how businesses are classified for the state's commerce tax. Previously, the tax rate was

based on industry categories from the 2012 version of the North American Industry Classification System (NAICS). This bill removes that outdated reference and instead requires the use of the most current NAICS version. It also updates specific industry codes—especially in publishing, software, and data processing—to match the 2022 NAICS edition (the most recent published version of the NAICS). These changes will only apply to tax years starting on or after July 1, 2025, and won't affect past tax filings.

### *Sales and Use Tax Payment Deadlines*

The deadline for paying sales and use taxes has changed. Currently, these taxes are due by the last day of the month after the tax is collected. The bill moves the deadline earlier—to the 20th day of the following month. This new due date only applies to tax periods starting on or after January 1, 2026.

### *Tax Incentives for Recycling and Renewable Fuels*

Effective July 1, 2025, the partial tax abatement for businesses that engage in recycling certain materials or produce fuels from recycled materials is expanded to include more business types. Under existing law, businesses could receive an abatement if they primarily used recycled materials in manufacturing or operated facilities that generated electricity from recycled materials, and if their main goal was to conserve energy or replace fossil fuels. The new provisions add two more categories of eligible businesses. First, businesses that include facilities producing biofuels, biomass, or other fuels from recycled materials to generate energy can now qualify. Second, businesses that focus on recycling or repurposing materials used in renewable energy—such as components from solar panels or waste from mineral extraction—are also eligible. Ch. 507 (A.B. 594), Laws 2025, effective July 1, 2025, unless otherwise noted above

## **Multiple Taxes: New Rules Enacted for Local Oversight of Tax Incentives**

Nevada has enacted provisions concerning tax incentives, including several targeted measures to ensure transparency, accountability, and local government involvement in large-scale development projects.

## **TEXAS**

### **S&U Tax: Internet Access Services**

Texas has updated its tax code to remove Internet access service from the definition of taxable services for sales and use tax purposes, removing it from categories like "data processing" and "information services." (S.B. 1405), Laws 2025, effective July 1, 2025

First, the effective date of any tax abatement for a qualified project—specifically those involving capital investments of at least \$3.5 billion—must be clearly established and tied to specific project milestones. This requirement ensures that tax benefits are not granted prematurely, but only after substantial progress has been made.

The Office of Economic Development must notify relevant local governments within 15 days of receiving an application for tax abatements or transferable tax credits. This early notification is intended to give local entities adequate time to assess the potential impact of the proposed project and prepare for negotiations or service planning.

Lastly, fire protection districts are authorized to abate certain fees that would otherwise be imposed on large-scale developments. Ch. 333 (S.B. 69), Laws 2025, effective October 1, 2025

## **Multiple Taxes: Committee To Study Business Entity Taxation And Property Transactions**

Nevada's Joint Interim Standing Committee on Revenue will study the feasibility of treating certain real property rental business entities as a single entity for commerce tax purposes during the 2025-2026 interim. The review also includes analyzing the impact of imposing a tax on the sale or transfer of a controlling interest in entities with real property holdings, assessing potential effects on state and local revenue, and determining appropriate administration methods. Findings will be reported to the Nevada Legislature by January 1, 2027. Ch. 262 (A.B. 457), Laws 2025, effective June 5, 2025

## NEW JERSEY

### Misc., Motor Fuel Taxes: Petroleum Products Gross Receipt Rates Unchanged

The New Jersey petroleum products gross receipt tax rates are unchanged for the period July 1 through September 30, 2025. The existing rates are:

- gasoline and LPG: 34.4 cents per gallon;
- diesel: 38.4 cents per gallon;
- fuel oil: 12.4 cents per gallon;
- aviation fuel: 4 cents per gallon; and
- other: 7% of gross receipts.

*Rates for the Petroleum Products Gross Receipts Tax, New Jersey Division of Taxation, June 24, 2025*

## NEW MEXICO

### Multiple Taxes: Q3 Interest Rates Announced

New Mexico has announced that its interest rate on underpaid or overpaid taxes will remain at 7% for the third quarter of 2025. *Penalty & Interest Rates*, New Mexico Taxation and Revenue Department, June 23, 2025

## NEW YORK

### Property Tax: Payment in Lieu of Taxes for Lido Beach in the Town of Hempstead Extended

Enacted New York legislation extends the expiration of payments in lieu of taxes for Lido Beach in the town of Hempstead from June 30, 2025, to June 30, 2027. Ch. 153 (S.B. 7806), Laws 2025, effective June 28, 2025, applicable as noted; *Memorandum in Support*, New York Senate

### Property Tax: Authorization for Nassau County to Make Payments in Lieu of Taxes for Certain Property Acquired for Parks or Recreational Purposes Extended

Enacted New York legislation extends the the authorization for Nassau County to make payments in lieu of taxes on certain parklands in the Lido Beach-Point Lookout area to June 30,

## TEXAS

### Property Tax: Deadlines Extended For Filing Exemption Applications

Texas has updated its property tax laws to extend the deadline for filing applications related to exemptions for freeport goods and property allocations to May 15 if certain conditions are met. The penalty for late applications is now calculated as the lesser of 10% of the tax difference or 10% of the tax imposed on the property. (S.B. 1352), Laws 2025, effective September 1, 2025

2030. Previously, the authorization expired June 30, 2025. Ch. 154 (S.B. 8346), Laws 2025, effective June 18, 2025, applicable as noted; *Memorandum in Support*, New York Senate

## OHIO

### Income Tax: Reimbursements Received Under Management Contracts Taxable

The Supreme Court of Ohio affirmed the denial of a commercial-activity tax (CAT) refund request for reimbursements received under management-fee contracts. The court determined that the taxpayer did not qualify for the gross-receipts exclusion.

First, the court found that the taxpayer had failed to establish it acted as an agent under Ohio law. The taxpayer kept reimbursements for itself rather than holding them on behalf of or as a representative of another. The court clarified that the statutory definition of "agent" does not require actual authority to bind clients, disapproving of the reasoning in its prior decision, *Willoughby Hills*. In *Willoughby Hills* the court determined that for purposes of the CAT, a person is "authorized" to act on behalf of another when that person has actual authority to act as an agent on the other's behalf. The court stated that holding was a mistake, because the statutory definition says nothing about the type of authority a person must have to qualify as an agent for CAT purposes. Thus, the court disapproved of *Willoughby Hills* to the extent that it required a showing of actual authority on the part of the taxpayer to qualify as an agent for purposes of the CAT. Decisions involving the CAT's agency exclusion should focus on the meaning of the statutory language.

Second, the court determined that the reimbursements the taxpayer received from its management-fee clients did constitute gross receipts. The evidence established that the taxpayer received reimbursements from its management-fee clients in exchange for performing services for those clients under its contracts with them. Under the law, those reimbursements constitute gross receipts for the taxpayer. *Aramark Corp. v. Harris*, OHSCt, No. No. 2023-1540, June 18, 2025

## OKLAHOMA

### Property Tax: Transfer of Partnership Interests Was Not Same as Transfer of Title to Property For Valuation Purposes

The transfer of partnership interests was not equivalent to the transfer of the title to property for purposes of lifting the five percent limitation on increasing the fair cash value of property for ad valorem taxation. In the present case, the property owner was a limited partnership. The Oklahoma Constitution expressly states that the five percent limitation on increases to fair cash value for non-homestead property may be exceeded when title is transferred or conveyed to another person. Though the Assessor relied on a statute that defines “transfers, change or conveyance of title” to include all types of transfers of any interest, whether legal or equitable, in order to harmonize the statute with the constitutional provision, title to the property must be impacted. The Assessor failed to cite any legal authority that supports the finding that partners in a limited partnership acquire an equitable title in real property due to their partnership interest.

In Oklahoma, a limited partnership is treated as a separate entity from its partners. A partner in a limited partnership may not demand title to any real property owned by the partnership. Consequently, the Assessor failed to establish that title to the property was transferred as mandated by the Oklahoma Constitution. *The Icon at Norman Apts LP v. Cleveland County Assessor*, Supreme Court of Oklahoma, No. 122099, June 17, 2025

## PENNSYLVANIA

### Income, Misc. Taxes: Philadelphia BIRT Rates Reduced

Philadelphia has amended the Business Income and Receipts Tax (BIRT) to reduce the tax rate on receipts and net income between 2025 and 2038. The receipts tax rate

## TEXAS

### Property Tax: Exemption For Elderly And Disabled Homeowners Increased

Texas has enacted legislation, contingent on voter approval of the constitutional amendment allowing this change, increasing the property tax exemption on the appraised value of residence homesteads for elderly or disabled individuals from \$10,000 to \$60,000. The legislation also provides mechanisms for school districts to receive additional state aid to counterbalance potential revenue losses due to this increased exemption. (S.B. 23), Laws 2025, effective as noted above

will decrease from 1.415 mills in 2024 to 0 mills by 2038, while the net income tax rate will drop from 5.81% in 2024 to 2.80% starting in 2038.

Additionally, the BIRT definition of receipts is amended. The exclusion for taxable receipts goes from \$100,000 to \$0, after the 2024 tax year. Philadelphia Bill No. 250199, Philadelphia City Council, effective June 13, 2025

### Income, Misc. Taxes: Philadelphia Wage and Net Profits Tax Rate Reduced

Philadelphia has updated its Wage and Net Profits Tax rates for both residents and non-residents. Resident wage and net profits tax rates will decrease yearly from 2.25% in 2024 to 2.20% in 2029, while non-resident rates will drop from 3.44% to 3.39%.

Actual resident rates are higher due to the 1.5% additional tax imposed by the Pennsylvania Intergovernmental Cooperation Authority. Philadelphia Bill No. 250195, Philadelphia City Council, effective June 13, 2025

### Property Tax: Real Estate and School Rates Adjusted

Philadelphia has adjusted the tax rates for real estate, affecting both city and school levies. The city’s real estate tax rate will decrease from 0.6159% to 0.6089% beginning in 2030, while the school tax rate will increase from 0.7839% to 0.7909% at the same time. Philadelphia Bill No. 250201, Philadelphia City Council, effective June 13, 2025

## Property Tax: Real Estate Tax Forgiveness Deadline Extended for Low-Income Taxpayers

Philadelphia has extended the application deadline for low-income taxpayers seeking refunds or forgiveness of real estate taxes from January 31 to September 30 of the applicable tax year.

Additionally, eligible taxpayers can receive forgiveness of a part of their real estate tax liability attributable to any real estate tax rate increase or an increase in the assessed value of the taxpayer's homestead in a past tax year. The tax payer must have qualified for relief. Their annual real estate tax liability will be frozen at the lowest amount billed in the past ten years, starting no earlier than the 2024 tax year, excluding refunds for past payments. Philadelphia Bill No. 250174, Philadelphia City Council, effective June 13, 2025

## Property, Misc. Taxes: Philadelphia Realty Transfer Tax Rate Increased

The City of Philadelphia has amended its realty transfer tax, increasing the rate from 3.278% to 3.578% for transactions starting July 1, 2025. The tax applies to property transfers and related documents based on the value of the real estate involved. Philadelphia Bill No. 250211, Philadelphia City Council, effective July 1, 2025

## Property, Misc. Taxes: Philadelphia Realty Use and Occupancy Tax Exemption Eliminated

Philadelphia has eliminated the Realty Use and Occupancy Tax exemption starting January 1, 2026. Previously, the exemption amount was \$165,300 per property and it will now be reduced to \$0. Philadelphia Bill No. 250202, effective June 13, 2025

## SOUTH CAROLINA

### Multiple Taxes: Interest Rates Unchanged for Third Quarter of 2025

From July 1, 2025, through September 30, 2025, the South Carolina interest rate on tax underpayments is 7%. The refund rate for overpayments is 4%. Information Letter 25-12, South Carolina Department of Revenue, June 20, 2025

## TEXAS

### Income Tax: Historic Rehabilitation Costs Incurred by Higher Education Institutions

Texas has enacted legislation allowing costs incurred by higher education institutions to rehabilitate historic property to qualify for Texas franchise tax credit for rehabilitation of historic structures. (H.B. 4044), Laws 2025, effective January 1, 2026

### Income Tax: Tax Credit Created For Contributions Supporting At Risk Families

Texas has created the Strong Families Tax Credit against its franchise tax, providing a credit of up to \$1 million annually per taxable entity for designated contributions to eligible organizations supporting at-risk families and parenting initiatives. The total statewide credit is capped at \$5 million yearly, with unused credits eligible for carryforward for up to five years. The program will expire on January 1, 2029, but credits from contributions made before expiration remain valid. (S.B. 2018), Laws 2025, effective June 1, 2026

### Income Tax: Cost of Goods Sold Calculation Clarified for Broadcasters

Texas has amended its franchise tax laws to clarify the computation of the cost of goods sold for television and radio broadcasters. The changes explicitly define "television or radio broadcasting" as operations under FCC licenses and specify that related expenses, such as depreciation and amortization for broadcasting rights, are included in the cost of goods sold deduction. (S.B. 263), Laws 2025, effective September 1, 2025

### S&U Tax: New Combined Area Sales and Use Tax Jurisdictions Announced

Texas has announced new combined area sales and use tax jurisdiction. The announced new areas are effective July 1, 2025. The new Buda/Travis County Emergency Services District No. 5-A, the new Coupland/Williamson County Emergency Services District No. 10-A, and the new Houston/Fort Bend County Assistance District No.

4 will all have a 2% tax rate. *Combined Area Sales and Use Tax*, Texas Comptroller of Public Accounts, June 2025

### **S&U Tax: Deduction For Restaurants Purchasing Farm-Raised Oysters**

Texas has introduced a sales and use tax deduction for food service establishments that purchase Texas farm-raised oysters. Eligible taxpayers can deduct \$5 per 100 oysters purchased for preparation and service, with deductions applied against taxable sales for the reporting period. (H.B. 3486), Laws 2025, effective October 1, 2025

### **S&U Tax: Tax Deduction Created For Oyster Shell Recycling Program Participants**

Texas has enacted legislation creating a sales and use tax deduction for restaurant owners participating in a qualified oyster shell recycling program. Eligible taxpayers can deduct \$2 for every 50 pounds of oyster shells recycled. (H.B. 3487), Laws 2025, effective October 1, 2025

### **S&U Tax: Nonprofit Food Banks And Housing Providers Granted Tax Exemptions On Motor Vehicle Transactions**

The Texas Legislature has exempted nonprofit food banks and providers of housing and related services from taxes on the sale, use, or rental of motor vehicles. This amendment to the state's sales and use tax law applies to vehicles used primarily for these organizations' respective missions. (H.B. 4226), Laws 2025, effective September 1, 2025

### **S&U Tax: Tax Exemption Introduced For Motor Vehicles Transferred From Estates**

Texas has amended its Tax Code to exempt the transfer of motor vehicles from a decedent's estate or under a rights of survivorship agreement from motor vehicle sales and use taxes. The changes clarify tax implications for such transfers, which were previously subject to taxation. (S.B. 2064), Laws 2025, effective September 1, 2025

### **Property Tax: Homestead Exemption Increased And State Aid Expanded For Schools**

Texas has enacted legislation, contingent on voter approval of a constitutional amendment authorizing it to do so, that increases the residence homestead property tax exemption for school district taxation from \$100,000 to \$140,000 starting in tax year 2025. Additionally, measures are introduced to provide school districts with state aid to offset potential local revenue losses resulting from these changes. (S.B. 4), Laws 2025, effective as noted above

### **Property Tax: Historic Property Owners Granted Appraisal Protest Rights**

Texas has updated its property tax laws to allow owners of historic or archeological sites to protest the appraised values of the land and structures separately. Property owners can also contest the allocation of appraised value between the land and the improvements. (H.B. 4809), Laws 2025, effective September 1, 2025

### **Property Tax: Tax Exemption Available For Border Security Improvements**

The Texas Legislature introduces an exemption from ad valorem property taxes for real property improvements installed under border security infrastructure agreements in counties bordering Mexico. Additionally, property appraisers are restricted from considering purchase prices paid by state or federal entities for land acquired to build such infrastructure when determining market value. This legislation only takes effect if the related constitutional amendment receives voter approval in the November general election. (H.B. 247), Laws 2025, effective January 1, 2026

### **Property Tax: Late Applications Allowed For Timber Land Appraisal Following Owner Death**

Texas has amended its property tax code to allow late applications for timber land appraisal following the death of the landowner, provided specific criteria are met, such as filing by qualified individuals before the tax delinquency date. Additionally, the 10% penalty for late applications does not apply in these circumstances. (H.B. 3370), Laws 2025, effective January 1, 2026

## Property Tax: Deadline for Notice of Penalty For Late Filing Of Rendition Statements

Texas has updated its property tax code to set a deadline of June 1 for the chief appraiser to send notice of a late filing penalty to a taxpayer. Additionally, notices of penalties must now be sent by certified mail if the property was not listed on the prior year's appraisal roll and must clearly separate tax and penalty amounts in tax bills. (S.B. 1951), Laws 2025, effective January 1, 2026

## Property Tax: Procedural Changes and Web Site Requirement

Texas has enacted legislation making the following changes to its property tax procedures:

- Appraisal districts in counties with 120,000+ people must have a website, and they must post and update appraisal records online weekly (excluding confidential information);
- The deadline for a property owner in a protest hearing to give notice that they intend to participate by telephone or videoconference is extended to the 5th day before the date of the hearing if the property owner has not designated an agent to represent them at the hearing;
- If a protest is dismissed for lack of jurisdiction, owners now get a written explanation;
- Tenants who must pay the property taxes can appeal an appraisal value via binding arbitration — previously only owners could.
- Review boards must hold a good cause hearing (with at least 15 days' notice) before issuing subpoenas;
- Courts can't impose earlier-than-standard deadlines for expert witness discovery in appraisal lawsuits unless both parties agree; and
- A required notice pertaining to property that was not on the appraisal roll in a prior year because it was omitted from the roll must be sent by certified mail.

(H.B. 1533), Laws 2025, effective September 1, 2025

## Property Tax: Homestead Exemption for Surviving Spouses of Veterans

Texas has introduced a property tax exemption for the surviving spouses of veterans who died due to conditions or diseases presumed under federal law to

be service-connected. The exemption covers the total appraised value of the residence homestead, applies retroactively irrespective of the veteran's death date, and extends to subsequent homesteads under specific qualifications. This exemption takes effect only if voters approve the associated constitutional amendment in the November general election. (H.B. 2508), Laws 2025, effective January 1, 2026

## Property Tax: Charitable Housing Tax Exemptions Expanded For Senior Services

Texas has updated its property tax code to expand exemptions for property owned by charitable organizations providing housing and services to individuals aged 62 and older. The revisions specify that organizations must either offer housing and related services without regard to residents' ability to pay or dedicate at least 4% of net resident revenue to charitable housing and services. Organizations must meet specific longevity or affiliation requirements for eligibility. (H.B. 2525), Laws 2025, effective January 1, 2026

## Property Tax: Municipalities Allowed To Address Tax Delinquent And Abandoned Land

Texas has authorized municipalities in certain counties to administratively determine and address abandoned, unoccupied, tax-delinquent, and undeveloped parcels of land. The law provides processes for placing these properties into receivership and allows for their eventual sale, impacting property tax management and recovery efforts. (S.B. 1579), Laws 2025, effective September 1, 2025

## Property Tax: Tax Limitation Adjusted For Elderly And Disabled Homeowners

Texas has revised statutes relating to the limitation on the total amount of property taxes imposed by a public school district on the residence homestead of an individual who is disabled or elderly. In the tax year immediately following the first tax year an individual qualifies for a residence homestead exemption for an individual who is disabled or elderly after the beginning of that first tax year, provided that the homestead remains eligible

for that same exemption in that following tax year, the amount of the limitation is equal to the lesser of the following:

- the amount of the limitation for that tax year as computed under provisions prescribing the method of computation of the amount of the limitation if in the 2024 or a subsequent tax year an applicable elderly or disabled individual qualifies for the limitation; or
- the amount of tax imposed by the district on the residence homestead, calculated without regard to the limitation on tax increases provided by the applicable state law, in that tax year.

(S.B. 2520), Laws 2025, effective January 1, 2026

## Property Tax: Temporary Tax Exemption Created For Fire-Damaged Homes

Texas introduces a temporary exemption from ad valorem property taxation for improvements to residence homesteads completely destroyed by fire. The exemption applies for the tax year of the fire and is calculated based on the number of days remaining in the year after the fire occurs. The legislation becomes effective only if the associated constitutional amendment is approved by voters in the November general election. (S.B. 467), Laws 2025, effective January 1, 2026

## Property Tax: Refund Timelines Revised and Interest Rates Increased

Texas has enacted legislation revising the procedural requirements and processes for property tax refunds. Refunds of erroneous or excessive payments are now subject to interest if not issued within 60 days, with rates increasing to 12% annually from prior rates, while new thresholds and procedures have been established for refunds exceeding \$20. The law also specifies timelines and conditions for refunds related to appeals and exemptions. (S.B. 850), Laws 2025, effective September 1, 2025

## Property Tax: Procedures for Heavy Equipment Dealers

Texas has enacted legislation making changes to the property tax procedures for heavy equipment dealers.

A heavy equipment owner's unit property tax payments are now made quarterly, rather than monthly.

The legislation also requires that, not later than December 15th of each year, the county tax assessor-collector must provide written notice to each owner for whom the collector maintained an escrow account for of the factor used to calculate the unit property tax for the following tax year for each location in which the owner's heavy equipment inventory was located.

The legislation also requires a dealer to complete a heavy equipment inventory tax form each quarter, rather than each month. The dealer must include the aggregate amount received for sold, leased, or rented heavy equipment on the form, rather than reporting the amount for each item. The dealer may also aggregate the amount of unit property tax assigned to items of heavy equipment. The legislation removes the requirement for the dealer to include the reason no unit property tax was assigned if applicable.

The legislation requires the dealer to file the inventory statement with the collector each quarter, rather than each month.

The legislation removes the requirement for a dealer to file a copy of the statement with the chief appraiser. Instead, the dealer must retain complete and accurate records documenting the disposition of each item of heavy equipment sold, leased, or rented for at least four years from the date of the item's disposition, which the chief appraiser or collector may examine.

The legislation also specifies that the person who acquired the business or assets of an owner may use the same unit property tax factor that the owner who owed the current year tax could use when paying the current year tax. (H.B. 3424), Laws 2025, effective January 1, 2026

## Insurance Tax: Workers Compensation Surcharges Implemented And Rate Cap Increased

Texas has updated its regulation of workers' compensation insurance by replacing certain maintenance taxes with surcharges on gross workers' compensation premiums and certified self-insurers' liabilities and expenses. The overall cap for surcharge rates increases from 0.6% to a combined maximum of 2.7%, impacting insurance carriers, self-insurers, and groups handling workers' compensation. (S.B. 1455), Laws 2025, effective January 1, 2026

## Insurance Tax: Insurance Associations Exempted From State Taxes

Texas has amended its Insurance Code to exempt the Texas Windstorm Insurance Association and the Texas FAIR Plan Association from premium and maintenance taxes. This change clarifies the tax applicability to these entities and does not affect tax liabilities accrued before the 2023 calendar year. (H.B. 2517), Laws 2025, effective September 1, 2025

## Severance Tax: Tax Exemption Introduced For Restimulation Well Production

Texas introduces a severance tax exemption for hydrocarbons produced from qualifying restimulation wells, which includes previously inactive wells that undergo specific treatments to enhance production. The exemption lasts for up to 36 months or until the exempted taxes and credits reach \$750,000, offering relief to operators who incur restimulation costs beginning January 2026. (H.B. 3159), Laws 2025, effective January 1, 2026

## Misc., Motor Fuel Taxes: Petroleum Products Delivery Fee Guidance

Texas issued guidance on petroleum products delivery fees, applicable to suppliers and importers of motor fuels. The fee is assessed when petroleum products are withdrawn from bulk facilities or imported into Texas for distribution or sale. Current fee rates effective September 1, 2015, range from \$1.70 per delivery for less than 2,500 gallons to \$6.95 per delivery for up to 10,000 gallons, with increments of \$3.45 per 5,000 gallons over 10,000 gallons. Special rules apply for gasoline deliveries between 7,000 and 10,000 gallons, with fees of \$5.45 or \$6.95 depending on the gasoline portion. The guidance also outlines past fee rates from July 1, 2012, to August 31, 2015, and specifies monthly reporting and payment due dates, penalties for late payments, and accepted payment methods based on annual fees remitted. *Comptroller Letter No. 202506003W*, Texas Comptroller of Public Accounts, June 17, 2025

## UTAH

### Property Tax: Publication on Vehicle Property Assessment Fees Revised

The Utah State Tax Commission has updated its publication on vehicle property assessment fees. Utah

vehicles are subject to either an age-based uniform fee or a 1.5% uniform fee that must be paid before the vehicle can be registered in Utah. This publication explains the two fees and how they are calculated and collected. *Publication 23*, Utah Department of Taxation, June 2025

### Property Tax: Publication on Abatement, Deferral and Exemption Programs for Individuals Revised

The Utah State Tax Commission has updated its publication on property abatement, deferral, and exemption programs. Specifically, the publication covers circuit breaker (renter refund and homeowner low income abatement), veterans with a disability exemption, active or reserve duty armed forces exemption, blind exemption, indigent abatement/deferral, and property tax deferral for elderly property owners. *Publication 36*, Utah State Tax Commission, June 2025

## WASHINGTON

### S&U Tax: Broadcast Station's Retransmission Agreements Did Not Qualify For Preferential Broadcasting Rate

A television broadcast station was not engaged in broadcasting when it entered into retransmission consent agreements with multichannel video programming distributors (MVPDs) and therefore did not qualify for Washington's preferential business and occupation (B&O) tax rate for television broadcasting. Under the retransmission consent agreements, the MVPDs place selected advertisements into the transmission but may not alter the network-provided programming or local programming provided by the taxpayer. Here, the taxpayer's conveyance to the MVPDs is not the "dissemination of communications intended to be received by the public." It is made available at the discretion of the MVPDs to their own customers on a one-to-one basis. As the taxpayer was not acting as a television broadcaster when it conveyed the transmission to the MVPDs, it does not qualify for the preferential rate, on the transmission, or on income from its locally-produced content. *Determination No. 22-0105*, Washington Department of Revenue, June 20, 2025

## WYOMING

### S&U Tax: Local Tax Rate Changes Announced

Wyoming has issued a revised overview of changes in local tax rates effective July 1, 2025, for sales, use, and lodging

taxes across various localities. The only change from the chart issued April 1, 2025 is the reduction in the lodgings tax rate for Campbell County, which is now 5 percent. *Sales/Use and Lodging Tax Rates by Locality*, Wyoming Department of Revenue, June 18, 2025