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KPMG reports: Arizona (digital data); California (SALT cap work-around); Oregon (corporate activity tax)

KPMG's This Week in State Tax—produced weekly by KPMG's State and Local Tax practice—focuses on recent state and local tax developments.

- **Arizona:** The Department of Revenue issued a private letter ruling, concluding that a taxpayer's provision of a temporary, non-perpetual right to use digital data was subject to Arizona's transaction privilege tax under the personal property rental classification. The conclusion was that based on Arizona's broad interpretation of tangible personal property, the taxpayer's rental of data was subject to tax. Read a **July report**

- **California:** Pending legislation (Assembly Bill 150) would adopt an elective pass-through entity tax regime to allow "qualified entities" doing business in California to elect to pay an entity-level tax equal to 9.3% of qualified net income. For these purposes, a qualified entity would be one that is taxed as a partnership or an S corporation and whose partners, shareholders or members are exclusively corporations or taxpayers as defined under the individual income tax law (but excluding partnerships). If the $10,000 federal "state and local tax" (SALT) cap is not repealed in the intervening years, the election would be effective for tax years beginning on or after January 1, 2021, and before January 1, 2026. Read a **July report**

- **Oregon:** Pending legislation (Senate Bill 164) would modify certain provisions of the corporate activity tax (CAT) law by allowing taxpayers to use their federal tax year for CAT purposes. Currently, taxpayers file their CAT returns using the calendar year as their CAT year. Read a **July report**

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