



TaxNewsFlash

United States



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KPMG reports: California (property tax, solar energy); Michigan (alternative apportionment formula); New Jersey (combined reporting)

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.

- **California:** A new law (Senate Bill 267) clarifies that developers of solar energy projects do not lose their property tax exemption when a change in ownership occurs as a result of a “partnership flip” transaction. Prior to enactment of Senate Bill 267, new construction solar energy projects were exempt from property tax until a “change in ownership” occurred. What was not clear was whether a partnership flip would be considered a “change in ownership.” Senate Bill 267 clarifies that a partnership flip transaction is excluded from the definition of a “change in ownership” that would normally trigger a reassessment of property taxes. Read an [October 2021 report](#)
- **Michigan:** A state appellate court held that a taxpayer was entitled to use an alternative apportionment formula because the statutory formula did not fairly reflect income earned within the state. On its Michigan business tax return for the tax year at issue, the taxpayer included gain from a deemed asset sale in its tax base and in the denominator of its sales factor. On audit, the Michigan Treasury determined that the taxpayer improperly included the gain in the sales factor denominator (which increased the taxpayer's sales factor to approximately 70%). The court held last year that the taxpayer was entitled to use an alternative apportionment formula, but the decision was reversed by the Michigan Supreme Court, and the case was remanded to address how the taxpayer's income was to be apportioned under the statutory formula. After a trial court, last month, concluded that the gain was not included in the sales factor at all, the appellate court once again decided that alternative apportionment was warranted. Read an [October 2021 report](#)

- **New Jersey:** The Division of Taxation announced that it has extended the deadline for non-filing members of a combined group under a voluntary initiative. Under the initiative, corporations that filed as part of a unitary group indicating they have New Jersey nexus (but did not file as a separate entity for periods prior to 2019) are being allowed an opportunity to come forward and voluntarily comply with their separate entity corporate business tax filing requirements for periods prior to 2019. The initiative began June 15, 2021, and is now extended through January 3, 2022. Read an [October 2021 report](#)

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