

COST Policy Position Guidelines

When requested to review a tax policy issue and determine whether COST should develop a formal position on the issue, the Board of Directors utilizes these Guidelines in its analysis. By delineating the Guidelines used to analyze every tax policy issue raised for consideration, the Board ensures that the decision-making process is systematically conducted in a principled manner.

These Guidelines are intended to help direct the Board in its analysis; they should not be construed to limit the scope of Board's inquiry into any tax policy issue or to dictate to the Board the action it may take on any tax policy issue.

COST's Mission

COST's mission is "to preserve and promote equitable and nondiscriminatory taxation of multijurisdictional business entities." Taxation is equitable if it deals fairly and evenly with all concerned taxpayers. Taxation is nondiscriminatory if businesses that operate in multiple jurisdictions bear no greater tax burden than businesses that operate wholly within one jurisdiction.

If, in the Board's opinion, a proposed tax policy position does not further COST's mission, then it will not be considered for adoption. If the proposed position does further COST's mission, then the Board will review the following three criteria prior to making a decision on the proposed position. In most cases, COST policy positions will meet all three criteria; however, the Board may approve a proposed position that furthers COST's mission but does not meet one or more of the criteria.

1. Is the issue of broad interest/import to the COST membership?

COST generally limits the tax policy issues on which it will take a position to those that materially affect a majority of its members. For example, the provision of independent tribunals to hear tax appeals materially impacts all COST members and thus meets this criterion. Issues such as the imposition and application of taxes limited solely to one segment of the membership, although important to that segment of the membership, may not meet this criterion.

2. Can a consensus be reached among the COST membership on the issue?

There are many issues where COST members fall on both sides of the line being drawn. For example, COST does not advocate the use of a single sales factor apportionment formula in any given state because members are generally split on this issue. On the other hand, discrimination issues and fairness issues (e.g., due process concerns) usually generate consensus among the COST membership. In determining whether there is consensus within the membership, the Board will consider the views expressed by all interested members. However, the opposition by one member, or a minority of members, to a proposed tax policy position does not by itself indicate a lack of consensus.

From a practical perspective, public policy initiatives (e.g., court cases and legislative bills) frequently include multiple tax policy issues. The fact that COST may have divergent positions on the tax policy issues in such an initiative does not preclude COST from expressing its views. Instead, it merely emphasizes that COST's tax policy positions should be clear and precise. In other words, COST may not be able to take a position on an initiative as a whole but may take positions on the components of such an initiative.

3. Can COST contribute meaningfully to the matter through presentation of a unique perspective, or does the membership truly need the assistance of COST on the matter?

As the only trade association exclusively representing multistate businesses, COST frequently has a unique perspective on tax policy issues. In other cases, COST's perspective may be shared by others, but COST may still be the best—or only—organization that can effectively represent the business community on a state or local tax policy issue. There are many tax policy issues, however—such as the appropriate rate for a particular tax—on which COST is unlikely to offer a unique perspective or to play an important role that would otherwise be unfilled.