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Patrick J. Reynolds
President & Executive Director
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January 28, 2025

VIA EMAIL TO:

Delegate Elizabeth B. Bennett-Parker
Chair
Subcommittee #2
House Finance Committee
Virginia General Assembly

Re: Comments in Support of H.B. 2681

Dear Chair Bennett-Parker and Members of the Subcommittee:

On behalf of the Council On State Taxation (COST), I respectfully submit these comments in support of H.B. 2681, which would as amended direct the Department of Taxation to examine and simplify the calculation of net operating losses (NOLs) for corporate income tax purposes. We have also reached out to the Department and have offered to act as a resource on this issue.

About COST

COST is a nonprofit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of approximately 500 major corporations engaged in interstate and international business. COST's objective is to preserve and promote equitable and nondiscriminatory state and local taxation of multistate business entities.

Current NOL Regulations Should be Simplified

The current NOL regulations are, as we understand it, designed to result in a pre-apportionment calculation. Other states require this calculation, and we do not object to it. The current regulations, however, require complex and burdensome calculation methods to achieve the result that are not required by statute and are inconsistent with calculations required in other states.

Conclusion

COST respectfully supports the changes proposed by H.B. 2681 and encourages you to pass the measure. If you have any questions or would like to discuss further, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Patrick J. Reynolds". The signature is fluid and cursive, written in a professional style.

Patrick J. Reynolds
President & Executive Director

CC: COST Board of Directors