



ASSOCIATION OF  
AMERICAN RAILROADS

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**John T. Gray**  
Senior Vice President - Policy & Economics

May 29, 2015

The Honorable Cynthia T. Brown  
Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E Street, SW.  
Washington, DC 20423-0001

Re: Ex Parte No. 682 (Sub-No. 6), Annual Submission of State Tax Information for Use in the Revenue Shortfall Allocation Method (2014)

Dear Ms. Brown:

This submission by the Association of American Railroads (AAR) is the AAR's calculation of the 2014 weighted average state tax rate for each Class I railroad, filed pursuant to 49 C.F.R. § 1135.2, as adopted by the Board in Ex Parte No. 682, *Annual Submission of State Tax Information for Use in the Revenue Shortfall Allocation Method*, served February 26, 2010. The methodology used to calculate each weighted average state tax rate is the same as what was used in the AAR's prior year calculation.

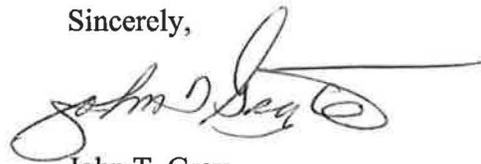
Weighted Average State Tax Rates

<u>Railroad</u>	<u>2014</u>	<u>2013</u>	<u>Percentage Point Change</u>
BNSF Railway Company	5.478%	5.510%	-0.032%
CSX Transportation, Inc.	5.398%	5.486%	-0.088%
Grand Trunk Corporation	8.058%	8.066%	-0.008%
The Kansas City Southern Rwy	5.746%	5.762%	-0.016%
Norfolk Southern Combined	5.713%	5.821%	-0.108%
Soo Line Corporation	8.092%	7.289%	0.803%
Union Pacific Railroad Company	5.885%	5.929%	-0.044%

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All calculations are included in the AAR's submission. Workpapers consist of copies of Schedules 702 and 210 from the railroads' Annual Report Form R-1. Railroads have reviewed the calculations. A copy of the workpapers underlying this submission are included in the AAR's filing. Questions should be directed to me or Clyde Crimmel (202 639-2309) of this office.

Sincerely,

A handwritten signature in cursive script, appearing to read "John T. Gray", with a long horizontal flourish extending to the right.

John T. Gray

Attachments

**Before the  
Surface Transportation Board**

**Ex Parte No. 682**

**Annual Submission of Tax Information for Use  
in the Revenue Shortfall Allocation Method**

**2014  
Weighted Average State Tax Rates**

**Policy and Economics Department  
Association of American Railroads**

**May 29, 2015**

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# Introduction

On February 26, 2010, the Surface Transportation Board served a decision in STB Ex Parte No. 682, *Annual Submission of Tax Information for Use in the Revenue Shortfall Allocation Method*, that amends 49 CFR Part 1135 to add a rule that requires the Association of American Railroads (AAR) to annually update each Class I railroad's weighted average state tax rate for use in the Revenue Shortfall Allocation Method (RSAM). The calculation must be submitted by May 30 of each year.

The methodology used by the AAR to calculate weighted average state tax rates is the same as was used in all calculations since the calculation for 2008. The AAR's 2008 weighted average state tax rate calculations were adopted by the Surface Transportation Board in its Ex Parte No. 646 (Sub-No. 2), Simplified Standards for Rail Rate Cases – Taxes in Revenue Shortfall Allocation Method (served January 22, 2010). The AAR's calculation submitted herein is for 2014.

## Sources

There are two major sources for these calculations. The first major source is Annual Report Form R-1, which is submitted by each Class I railroad to the Board. The STB instructed the AAR to weigh state tax rates using miles operated in each state for each railroad. As the STB noted, mileage operated in each state can be found in column (g) of Schedule 702 (Miles of Road at Close of Year - By States and Territories) of each R-1. Additional information from the R-1's Schedule 210 (Results of Operations) has been used to calculate tax rates for Texas.

The second major source is a web site table with state corporate tax information published by the Tax Foundation, a nonpartisan research and education group based in Washington, DC. The Class I railroads provided additional information regarding tax rates, either to confirm the Tax Foundation rates or to document exceptions that apply to railroads operating in specific states. The AAR also retrieves state tax forms to check against the Tax Foundation.

## Notes

The following states have lower income tax rates in 2014: Arizona, Indiana, New Mexico, North Carolina, and West Virginia. The tax rate on revenue used by Texas has also been lowered. No states had higher tax rates – although the rate for Massachusetts went up for railroads because they are now using the regular tax form instead of the rate for utilities.

The railroad with the biggest decrease in its weighted average tax rate was Norfolk Southern. Lower tax rates for Indiana, North Carolina, and West Virginia were the major causes for the decrease. Soo Line Corporation had the only *increase* in the weighted average tax rates. It sold rail line during 2014 that was located in states with low tax rates, which caused higher weights for states with higher tax rates. Grand Trunk Corporation and Soo Line Corporation have higher average tax rates than the other railroads because 35 to 50 percent of their US mileage is in Minnesota, Iowa, and Illinois – states with income tax rates among the highest in the nation.

## State Miles Operated for 2014

State	BNSF	CNGT	CSX	KCS	NS	SOO	UP	Total	
Alabama	300	26	1,011	44	1,304	0	0	2,685	AL
Arizona	595	0	0	0	0	0	640	1,235	AZ
Arkansas	1,052	0	0	163	0	0	1,326	2,541	AR
California	2,114	0	0	0	0	0	3,267	5,381	CA
Colorado	1,403	0	0	0	0	0	1,512	2,915	CO
Connecticut	0	0	68	0	0	0	0	68	CT
Delaware	0	0	44	0	203	0	0	247	DE
Dist. of Columbia	0	0	20	0	13	0	0	33	DC
Florida	0	0	1,648	0	149	0	0	1,797	FL
Georgia	0	0	1,614	0	1,719	0	0	3,333	GA
Idaho	118	0	0	0	0	0	848	966	ID
Illinois	1,552	1,264	896	182	1,256	393	2,313	7,856	IL
Indiana	0	102	1,438	0	1,445	154	19	3,158	IN
Iowa	706	574	0	0	43	654	1,386	3,363	IA
Kansas	1,709	0	0	18	2	0	2,203	3,932	KS
Kentucky	99	97	1,680	0	429	0	12	2,317	KY
Louisiana	348	239	43	744	76	0	1,152	2,602	LA
Maine	0	0	0	0	0	0	0	0	ME
Maryland	0	0	549	0	269	0	0	818	MD
Massachusetts	0	0	394	0	0	0	0	394	MA
Michigan	0	928	558	0	487	80	0	2,053	MI
Minnesota	1,660	380	0	0	0	1,714	646	4,400	MN
Mississippi	179	752	94	709	211	0	0	1,945	MS
Missouri	1,711	0	13	396	409	144	1,498	4,171	MO
Montana	2,171	0	0	0	0	0	125	2,296	MT
Nebraska	1,649	0	0	0	0	0	1,067	2,716	NE
Nevada	805	0	0	0	0	0	1,193	1,998	NV
New Hampshire	0	0	0	0	0	0	0	0	NH
New Jersey	0	0	647	0	931	68	0	1,646	NJ
New Mexico	1,357	0	0	0	0	0	618	1,975	NM
New York	0	0	1,281	0	751	554	0	2,586	NY
North Carolina	0	0	1,121	0	1,193	0	0	2,314	NC
North Dakota	1,705	0	0	0	0	530	0	2,235	ND
Ohio	0	4	1,878	0	2,172	30	0	4,084	OH
Oklahoma	1,409	0	0	151	0	0	1,173	2,733	OK
Oregon	386	0	0	0	0	0	1,073	1,459	OR
Pennsylvania	0	156	1,033	0	2,279	452	0	3,920	PA
Rhode Island	0	0	0	0	0	0	0	0	RI
South Carolina	0	0	1,307	0	762	0	0	2,069	SC
South Dakota	926	0	0	0	0	112	0	1,038	SD
Tennessee	144	161	990	5	844	0	14	2,158	TN
Texas	5,123	0	0	927	0	0	6,310	12,360	TX
Utah	433	0	0	0	0	0	1,246	1,679	UT
Vermont	0	0	0	0	0	0	0	0	VT
Virginia	0	0	1,054	0	2,004	0	0	3,058	VA
Washington	1,635	0	0	0	0	0	532	2,167	WA
West Virginia	0	0	1,305	0	806	0	0	2,111	WV
Wisconsin	273	1,408	0	0	0	621	927	3,229	WI
Wyoming	970	0	0	0	0	0	874	1,844	WY
<b>Total U.S.</b>	<b>32,532</b>	<b>6,091</b>	<b>20,686</b>	<b>3,339</b>	<b>19,757</b>	<b>5,506</b>	<b>31,974</b>	<b>119,885</b>	
Canada	111	0	83	0	2	0	0	196	
<b>Grand Total</b>	<b>32,643</b>	<b>6,091</b>	<b>20,769</b>	<b>3,339</b>	<b>19,759</b>	<b>5,506</b>	<b>31,974</b>	<b>120,081</b>	

Note: There is no Class I railroad mileage in Alaska, Hawaii, Maine, New Hampshire, Rhode Island, or Vermont. Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

## State Tax Rates Used for 2014

State	Inc. Tax Rate	Comments
Alabama	6.500%	
Arizona	6.500%	*** Lower for 2014.
Arkansas	6.500%	
California	8.840%	
Colorado	4.630%	
Connecticut	0.000%	Sole railroad reports in operating expense, so tax rate changed to 0.
Delaware	8.700%	
Dist. of Columbia	9.975%	
Florida	5.500%	
Georgia	6.000%	
Idaho	7.400%	
Illinois	9.500%	7.0% income tax +2.5% "replacement tax"
Indiana	7.250%	*** Lower for 2014. 7.5% for first half of year, changed to 7.0% for second half of year
Iowa	12.000%	
Kansas	7.000%	4% plus 3.0% surtax
Kentucky	6.000%	
Louisiana	8.000%	
Maine	*	No Class I mileage
Maryland	8.250%	
Massachusetts	8.000%	Railroad Utility tax repealed, higher rate applies.
Michigan	6.000%	
Minnesota	9.800%	
Mississippi	5.000%	
Missouri	6.250%	
Montana	6.750%	7.0% if Water's Edge election (no Class I railroads have elected this)
Nebraska	7.810%	
Nevada	0.000%	None.
New Hampshire	*	No Class I mileage
New Jersey	0.000%	Reported in operating expense, rate changed to zero.
New Mexico	7.300%	***Lower for 2014.
New York	0.000%	Reported in operating expense, rate changed to zero.
North Carolina	6.000%	***Lower for 2014.
North Dakota	4.530%	Water's Edge Election add 3.5% pt.
Ohio	0.000%	Income tax fully phased out and replaced with a franchise fee.
Oklahoma	6.000%	
Oregon	7.600%	
Pennsylvania	9.990%	
Rhode Island	*	No Class I mileage
South Carolina	5.000%	
South Dakota	0.000%	None.
Tennessee	6.500%	
Texas	*	***Calculated using 70% of Operating Revenue taxed at 0.95% (a lower rate than 2013)
Utah	5.000%	
Vermont	*	No Class I mileage
Virginia	6.000%	
Washington	0.000%	None.
West Virginia	6.500%	***Lower for 2014
Wisconsin	7.900%	
Wyoming	0.000%	None.

**Notes:**

There is no Class I railroad mileage in Alaska, Hawaii, or states marked with an "\*" (except TX), rates are not collected here. Tax rates are from the web site of the Tax Foundation, Washington, DC, and have been verified with state tax forms. Adjustments to the Tax Foundation's list of rates have been made by the AAR when necessary. See Appendix B. "\*\*\*\*" in comments notes that tax rate is changed from prior year.

# Results of Calculations for 2014

## Average State Corporate Income Tax Rate

<b>Railroad</b>	<b>2014</b>	<b>2013</b>	<b>Difference</b>
BNSF	5.478 %	5.510 %	-0.032 % Pts.
CSX	5.398	5.486	-0.088
CNGT	8.058	8.066	-0.008
KCS	5.746	5.762	-0.016
NS	5.713	5.821	-0.108
SOO	8.092	7.289	0.803
UP	5.885	5.929	-0.044

## State Corporate Income Tax Rates as of January 1, 2014

State	Rates	Brackets
Ala.	6.500%	> \$0
Alaska	0.000%	> \$0
	2.000%	> \$25,000
	3.000%	> \$49,000
	4.000%	> \$74,000
	5.000%	> \$99,000
	6.000%	> \$124,000
	7.000%	> \$148,000
	8.000%	> \$173,000
	9.000%	> \$198,000
	9.400%	> \$222,000
Ariz. (a)	6.500%	> \$0
Ark.	1.000%	> \$0
	2.000%	> \$3,000
	3.000%	> \$6,000
	5.000%	> \$11,000
	6.000%	> \$25,000
	6.500%	> \$100,000
Calif.	8.840%	> \$0
Colo.	4.630%	> \$0
Conn. (b)	9.000%	> \$0
Del. (c)	8.700%	> \$0
Fla.	5.500%	> \$0
Ga.	6.000%	> \$0
Hawaii	4.400%	> \$0
	5.400%	> \$25,000
	6.400%	> \$100,000
Idaho	7.400%	> \$0
Ill. (d)	9.500%	> \$0
Ind. (e)	7.500%	> \$0
Iowa	6.000%	> \$0
	8.000%	> \$25,000
	10.000%	> \$100,000
	12.000%	> \$250,000
Kans.	4.000%	> \$0
	7.000%	> \$50,000
Ky.	4.000%	> \$0
	5.000%	> \$50,000
	6.000%	> \$100,000
La.	4.000%	> \$0
	5.000%	> \$25,000
	6.000%	> \$50,000
	7.000%	> \$100,000
	8.000%	> \$200,000
Maine	3.500%	> \$0

## State Corporate Income Tax Rates as of January 1, 2014

State	Rates	Brackets
	7.930%	> \$25,000
	8.330%	> \$75,000
	8.930%	> \$250,000
Md.	8.250%	> \$0
Mass.	8.000%	> \$0
Mich.	6.000%	> \$0
Minn.	9.800%	> \$0
Miss.	3.000%	> \$0
	4.000%	> \$5,000
	5.000%	> \$10,000
Mo.	6.250%	> \$0
Mont.	6.750%	> \$0
Nebr.	5.580%	> \$0
	7.810%	> \$100,000
Nev.	None	
N.H.	8.500%	> \$0
N.J. (f)	9.000%	> \$100,000
N.M.	4.800%	> \$0
	6.400%	> \$500,000
	7.300%	> \$1,000,000
N.Y.	7.100%	> \$0
N.C.	6.000%	> \$0
N.D.	1.480%	> \$0
	3.730%	> \$25,000
	4.530%	> \$50,000
Ohio (c)		
Okla.	6.000%	> \$0
Ore.	6.600%	> \$0
	7.600%	> \$10,000,000
Pa.	9.990%	> \$0
R.I.	9.000%	> \$0
S.C.	5.000%	> \$0
S.D.	None	
Tenn.	6.500%	> \$0
Tex. (c)		
Utah	5.000%	> \$0
Vt.	6.000%	> \$0
	7.000%	> \$10,000
	8.500%	> \$25,000
Va. (c)	6.000%	> \$0
Wash. (c)		
W. Va (g)	6.500%	> \$0
Wis. (e)	7.900%	> \$0
Wyo.	None	
D.C.	9.975%	> \$0

## State Corporate Income Tax Rates as of January 1, 2014

### Notes

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- (a) Arizona's rate is scheduled to decrease to 6.5% in 2014.
- (b) Rate includes a 20% surtax, which effectively increases the rate from 7.5% to 9%. Surtax is required by businesses with at least \$100 million annual gross income.
- (c) Ohio, Texas, and Washington do not have a corporate income tax but do have a gross receipts tax with rates not strictly comparable to corporate income tax rates. See Table 21 for more information. Delaware and Virginia have a gross receipts tax in addition to the corporate income tax.
- (d) Illinois's rate includes two separate corporate income taxes, one at a 7% rate and one at a 2.5% rate.
- (e) The tax rate in Indiana will decrease to 7.5% on July 1, 2013.
- (f) Corporations with entire net income greater than \$100,000 pay 9% on all taxable income, companies with entire net income greater than \$50,000 and less than or equal to \$100,000 pay 7.5% on all taxable income, and companies with entire net income less than or equal to \$50,000 pay 6.5% on all taxable income.
- (g) West Virginia's rate is scheduled to decrease in 2014 subject to a reserve requirement.

Note: In addition to regular income taxes, many states impose other taxes on corporations such as gross receipts taxes and franchise taxes. Some states also impose an alternative minimum tax. Some states impose special rates on financial institutions.

Source: State tax statutes, forms, and instructions; Tax Foundation.

## List of Adjustments to Tax Foundation Rates

State corporate income tax rates used for the Class I Railroads differ from the Tax Foundation for the following states. Appendix D contains information provided by the states.

	State Tax Rate		Comment
	Foundation	Railroad	
Connecticut	9.000%	none	Note 1 - Franchise Fee
Indiana	7.500%	7.250%	Note 2 - Mid-year Change
New Jersey	9.000%	none	Note 1 - Franchise Fee
New York	7.100%	none	Note 1 - Franchise Fee
North Dakota	4.530%	8.030%	Note 3 - Water's Edge Surcharge
Texas	blank	Varies	Note 4 - Texas

### Note 1 - Franchise Fees

Some state taxes, for example franchise taxes, are not reported as income taxes by the railroads per requirements of Generally Accepted Accounting Practices (GAAP). Instead, those taxes are treated as franchise fees or similar items, and are reported as operating expenses in Schedule 410, Line 615, of Annual Report Form R-1. In those cases, state income tax rates reported by the Tax Foundation have been changed to zero. The states where this occurs are Connecticut, New Jersey, and New York. The same three states were changed to zero for 2008 through 2013.

### Note 2 - Mid-year Change

The Tax Foundation shows a 7.5 percent Indiana tax rate which is correct for the first half of the year. However, the rate was changed to 7.0 effective July 1 (Foundation still has old footnote for 2013.) Railroad rate is 7.5 for first half of year, and 7.0 for the second half -- or 7.25 percent for year.

### Note 3 - Water's Edge Surcharge

For North Dakota, some companies may be required to file their tax return using a worldwide unitary combined report method. Those companies may elect to use the "Water's Edge" method. If this is the case, a 3.5 percent surtax is applied. Soo Line Corporation uses this method, and its North Dakota tax rate has been adjusted to 8.03 percent (4.53 state tax rate + 3.5 surtax).

### Note 4 - Texas (see also Appendix F)

For Texas, railroads were taxed using a 0.950 percent tax rate (a decrease from 2013's 0.975%) on 70 percent of gross receipts, and the taxes are reported as income taxes. A carrier-specific tax rate for each Class I railroad has been calculated in Appendix F using the same procedure used since 2008. A key assumption in the calculation is that the ratio of Operating Revenue to Net Income Before Taxes is the same in all states where a carrier operates, which eliminates the need to make any revenue or cost allocations because the resulting tax rate (using the constant ratio) is the same using all revenue or a portion.

## List of Tax Rates that Differ from 2013

Listed herein are tax rates, as found on page 3 of this year's report, that differ from the prior year (2013). Refer to Appendix D for tax information from the appropriate state.

	<b>State Tax Rate</b>		<b>Comment</b>
	<b>2014</b>	<b>2013</b>	
Arizona	6.500%	6.968%	Lower rate for 2014
Indiana	7.250%	7.750%	Rate lowered effective July 2014.
Massachusetts	8.000%	6.500%	Higher rate since Utility tax rates repealed.
New Mexico	7.300%	7.600%	Lower rate for 2014
North Carolina	6.000%	6.900%	Lower rate for 2014
Texas	See note in Appendix B		Varies each year by railroad, rate lowered
West Virginia	6.500%	7.000%	Lower rate for 2014

## Additional Tax Rate Information from States

<b>State</b>	<b>Item</b>	<b>Number of Pages</b>
Arizona	Corporation Income Tax Return (first page)	1
Indiana	Corporate Income Tax Booklet (one page)	1
Massachusetts	Web page and Corporate Tax Form (page 15)	2
New Mexico	Instructions for Form CIT-1 (page 9)	1
North Carolina	Corporation Tax Return (page 2)	1
Texas	Tax Report Information and Instructions (page 3)	1
West Virginia	Tax Return (page 2)	1

Arizona Form 120

Arizona Corporation Income Tax Return

2014

For the [ ] calendar year 2014 or [ ] fiscal year beginning | | | | 2 0 1 4 | and ending | | | | 2 0 | | |

Business Telephone Number, Name, Employer Identification Number (EIN), Address, Business Activity Code, City, Town or Post Office, State, ZIP Code

- 68 Check box if: [ ] This is a first return [ ] Name change [ ] Address change
A Is FEDERAL return filed on a consolidated basis? [ ] Yes [ ] No
B ARIZONA filing method: See instructions, page 1 (check only one):
1 [ ] Separate company 2 [ ] Combined (unitary group) 3 [ ] Consolidated
C If ARIZONA filing method is consolidated, enter the last day of the tax year Forms 122 were filed to make the election
D If ARIZONA filing method is combined or consolidated, see Form 51 instructions. Is Form 51 included? [ ] Yes [ ] No
E ARIZONA apportionment for multistate corporations only (check one box):
[ ] AIR Carrier [ ] STANDARD [ ] ENHANCED
F [ ] Check this box to elect to be treated as a multistate service provider, if qualified (include Schedule MSP). Indicate year of election [ ] Yr 1 [ ] Yr 2 [ ] Yr 3 [ ] Yr 4 [ ] Yr 5
G Is this the corporation's final ARIZONA return under this EIN? [ ] Yes [ ] No
If "Yes", check one: [ ] Dissolved [ ] Withdrawn [ ] Merged/Reorganized
List EIN of the successor corporation, if any

CHECK BOX IF return filed under extension:
82 82F [ ]
REVENUE USE ONLY. DO NOT MARK IN THIS AREA.
88
81 PM 66 RCVD

Table with 3 columns: Line number, Description, Amount. Includes lines 1-33 for taxable income, adjustments, tax liability, and payments.

An RRMC must be displayed at each location where you are doing business. A company that provides a service but has no employees might not need to register. If you are unsure, contact the department at (317) 232-0129.

### Sales Tax Exemption Certificates

Registered retail merchants must assess Indiana sales tax on any sale of tangible personal property unless the customer presents a valid exemption certificate. The exemption certificate is kept by the seller as part of its business records and sales invoices. It must:

- Be legible;
- Be signed; and
- Include the customer's tax exempt number.

A business registered as a retail merchant can issue an exemption certificate and purchase tangible personal property exempt from sales tax when the property is:

- Purchased for resale;
- Made into property being resold;
- Directly used in the manufacturing of tangible personal property to be sold; or
- Exempt by law.

### How Do I Register?

A single application (Form BT-1) is used to register with the department for the following:

- Alcohol and tobacco tax;
- Sales tax;
- Withholding tax;
- Food and beverage tax;
- County innkeeper's tax;
- Motor vehicle rental excise tax; and
- Prepaid sales tax on gasoline.

A separate application is required for each business location.

**Internet:** If you need to register your business with the department, you can do so online using the department's Online BT-1 application at <https://secure.in.gov/apps/dor/bt1/>.

**INTax:** Legislation now requires the filing and remitting of withholding and sales tax electronically.

One way businesses can file and remit their sales and withholding taxes is through INTax, Indiana's free online tool that enables businesses to manage business tax obligations for Indiana retail sales, withholding, out-of-state sales, prepaid sales, metered pump sales, tire fees, fuel taxes, wireless prepaid fees, and type II gaming taxes. The tax forms currently supported in INTax include the following:

- ST-103;
- ST-103P;
- ST-103MP;
- WH-1;
- WH-3;
- TF-103;

- SF-401;
- SF-900;
- MF-360;
- WPC-103; and
- TTG-103.

In INTax, businesses can make payments with either ACH Debit or credit card. ACH Debit is an EFT method of payment. Alternatively, businesses can have a software vendor or tax professional manage their tax obligations. This still meets the electronic mandate requirement because the software vendor or tax professional will file and pay electronically. Another option for sales taxes is using Streamlined Sales Tax. For more information, visit [www.in.gov/dor/3341.htm](http://www.in.gov/dor/3341.htm).

**Registering Multiple Locations:** You must complete a separate BT-1 for each location you need to register. If you want to consolidate tax filings for all or some of your locations, complete Form BT-1C (Authorization for Consolidated Sales Tax Filing Number). This form is included in the BT-1 Packet.

## Business Entities (in General)

### Which Indiana Income Tax Form(s) to File?

The type of form you file varies depending on how your corporation is organized and the type of income it earns. An organization filing a federal return and doing business in Indiana must also file the comparable Indiana return. The name of the corporation (which must include the word *Corporation*, *Company*, *Incorporated*, *Limited*, or an abbreviation thereof) must be included on all returns. When filing your Indiana corporate forms, use your federal employer identification number (EIN) to identify your return. The IRS assigns this number to business entities at <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/>.

For Indiana tax purposes, a corporation's tax filing includes other less formal organizations and unincorporated entities, such as general partnerships and nonprofit associations. To determine which return to file, use the following list. File the specified state form(s) to report the income, gains, losses, deductions, and credits. Also use it to figure your entity's corporate income tax liability.

The state returns are due 30 days after the due date for the filing of the federal return. Unless otherwise specified, the state tax returns are due on the 15th day of the 4th month following the close of the corporation's taxable year.

A corporation or an entity doing business in Indiana is subject to the corporate adjusted gross income tax (AGIT). The corporate AGIT tax rate is as follows:

After June 30, 2013, and before July 1, 2014	7.5%
After June 30, 2014, and before July 1, 2015	7.0%
After June 30, 2015, and before July 1, 2016	6.5%
After June 30, 2016, and before July 1, 2017	6.25%
After June 30, 2017, and before July 1, 2018	6.0%

**October 9, 2014**

**2014 Major Changes**

Changes made to individual forms and schedules are highlighted on the PDFs.

Obvious changes (reference and year end changes) are highlighted on the PDFs and are considered to be self-explanatory.

Other changes which are highlighted are explained with sticky notes on the file.

**S Corporation Rate Change**

Due to the decrease in the personal income tax rate for 2014, the tax rates for S corporations with taxable income in Massachusetts of \$6 million or more has been increased.

The tax rate for corporations with income taxable in Massachusetts of \$6 million or more but less than \$9 million is now .0187, increased from .0183.

The tax rate for corporations with income taxable in Massachusetts of \$9 million or more is now .028, increased from .0275.

**New Credits**

The Refundable Community Investment credit is new in 2014. See Schedule RF (Forms 355 and 355S, page 8) and Schedules U-CS and U-IC.

The Certified Housing Development credit is being claimed for the first time in 2014. See Schedule CR (Forms 355 and 355S, page 8) and Schedules U-CS and U-IC.

**Expired Form**

Form P.S.1, Public Service Corporation Franchise Tax Return is now obsolete.

captures in Part 2, the amount available should reflect the reduction by those offsets.

### Lines 1 through 5

Enter in column a the amount of credit available for use in the current year. Credits available which are subject to the 3-year carryover limitation are entered on the line appropriate for the tax year in which the credit was generated. Credits no longer subject to the 3-year time limit are shown on line 5. If carryover credits were offset against potential recaptures in Part 2, the amount actually available should reflect the reduction by those offsets.

Enter in, column b, the amount of credits originating in each tax year being used in the current year. M.G.L. Ch. 63, sec. 32C limits the amount of these credits that may be used in any year by prohibiting a taxpayer from taking credits that will reduce the tax below 50% of the excise due before credits. If the taxpayer has available and will be taking other credits that are also subject to the section 32C limitation (e.g. the Brownfields Credit under sec 38Q) the maximum amount of investment tax credit allowed is reduced by the amount of such other credits taken. Taxpayers may choose which credits to use but the total of all such credits subject to the section 32C limitation may not exceed 50% of the excise before credits. Credits may also not reduce a corporation's tax below the \$456 minimum excise.

Enter in column c, the amount of credits originating in each tax year converted to unlimited carryover status. Credits that could have been used except for the 50% limitation in M.G.L. Ch. 63, sec 32C may be used in any subsequent year, without regard to the normal 3 year time limit provided in Ch.63, sec. 31A. The taxpayer may choose which credits to treat as converted to unlimited status, but the total of all such credits designated for unlimited carryover may not exceed 50% of the current year excise before credits.

Enter in lines 2 through 4, column d the amount of credits originating in each tax year and still subject to the 3-year time limit which are carried over to future years. Note that any credits on line 1(a) not used or converted expire at the end of the current year.

### Part 4. Reconciliation of Massachusetts Tangible Property

Corporations claiming an ITC in Part 1 or claiming an ITC carryforward in Part 3, whether or not used in the current year, must complete Part 4 based on the book value of their capital assets located in Massachusetts.

## Excise Calculation

The excise calculation schedule is used to calculate the various measures of the Massachusetts corporation excise. These are:

- ▶ a tax of \$2.60 per \$1,000 on taxable Massachusetts tangible property or taxable net worth, whichever applies. If the return is for a short taxable year, the tangible property or taxable net worth should be prorated; and
- ▶ a tax of 8.00% on income attributable to Massachusetts.

The law also provides for a minimum excise of \$456.

### Line 3

Enter the amount from Schedule E, line 27, if you had taxable income (a positive number). If the amount in Schedule E, line 27 is a loss, enter "0."

### Line 5

An addition to tax applies for taxpayers who have deferred the gain, and the tax associated with that gain, on certain installment sales. This addition to tax is measured by an interest charge on the tax that has been deferred.

Include in line 5 an additional tax amount representing an interest charge on the deferred tax on gain from certain installment sales with a sales price over \$150,000 if you are not a dealer and the aggregate face amount of installment obligations arising during the tax year and outstanding as of the close of the tax year exceeds \$5 million. For more information see G.L. c. 62C, sec. 32A (a) and I.R.C. sec. 453A (a)–(c).

Also include in line 5 an additional tax amount representing an interest charge on the deferred gain from the installment sale of time shares and residential lots, if the sale meets one of the following criteria: 1) the sale is of a timeshare right for six weeks or less; 2) the sale is for the recreational use of specified campgrounds; or 3) the sale is for a residential lot and neither the dealer nor someone related to the dealer is obligated to make any improvements on the lot. For more information see G.L. c. 62C, sec. 32A (b) and I.R.C. sec. 453(l)(2)(B).

If you are a partner in a partnership or a shareholder in an S corporation, the entity is required to send you the information you need to calculate the addition to tax under this provision.

To the extent practicable, Massachusetts follows federal income tax rules in determining the deferred gain from installment sales subject to the interest-charge addition to tax. For more information, visit DOR's website at [www.mass.gov/dor](http://www.mass.gov/dor) and Internal Revenue Service Publication 537.

### Line 7

Corporations which are not members of a combined group filing a combined report enter the amount from Schedule CR, line 15 and enclose any required schedules showing the calculation of the individual credits taken on Form 355.

### Line 9

If the corporation is a member of a combined group filing a combined report, its income measure of excise is paid with Form 355U. Enter the amount from Schedule U-ST, line 41. Corporations which are not members of a combined group enter zero.

### Line 10

Corporations taxable under M.G.L. Ch. 63, sec. 32D and 39 are subject to a minimum excise of \$456. If the corporation is a member of a combined group, it must file a combined report and its income measure of excise is determined on Schedule U-ST, line 41 and not on Form 355 or 355S. If the member's own income measure of excise from Schedule U-ST, line 41 (as referenced on line 9 above) is greater than or equal to \$456, enter zero on line 10. Otherwise, subtract the amount on line 9 from \$456 and enter the result on line 10. If the corporation is not part of a combined group, enter \$456 on line 10.

### Line 12

Any corporation that wishes to contribute any amount to the Natural Heritage and Endangered Species Fund may do so on this form. This amount is added to the excise due. It increases the amount of the corporation's payment or reduces the amount of its refund.

### Line 17

Enter the amount of any withholding tax from pass-through entities. This is the amount of withholding from all Schedules 3K-1, lines 36 and 38 that the corporation has received.

### Line 18

If the corporation is claiming a refundable credit, enter the amount from Schedule RF, line 7.

### Lines 24

The following penalties may apply:

#### Penalty for Underpayment of Estimated Tax

An additional charge may be imposed on corporations which underpay their estimated taxes or fail to pay estimated taxes. Form M-2220, Underpayment of Massachusetts Estimated Tax by Corporations, should be used to compute any underpayment penalty.

investments in U.S. obligations may be deducted.

Interest income from bonds issued by the state of New Mexico or its political subdivisions may also be deducted on this line to the extent that the income was included in federal taxable income (CIT-1, line 1).

**Line 8. Deduction for foreign dividends.** Enter the total New Mexico foreign dividend deduction from line 5 of Schedule CIT-D. You must also attach Schedule CIT-D

**Line 12. New Mexico Income Tax.** Multiply line 10 by the percentage on line 11. However, if you qualify to file Schedule CC, because you have no business activity in New Mexico other than sales, you do not own or rent real estate in New Mexico, and you have annual gross income from sales in or into New Mexico of \$100,000 or less, then enter **only the amount from line 3 of Schedule CC.**

**Line 13. Total tax credits applied against the income tax liability on line 12.** If you may claim any of the tax credits listed below, complete Schedule CIT-CR and attach the applicable form(s), statements or other required back-up. Enter the sum of the credits claimed and applied against tax due from Schedule CIT-CR, line A. The supporting documentation required to claim any of the tax credits is described in the section "Schedule CIT-CR Line Instructions" beginning on page 16 of these instructions. The required documentation must accompany the return, or the claim for the credit will not be allowed.

To calculate the amount that may be claimed for any tax year, refer to the claim form or supporting instructions for the tax credit. The sum of credits claimed on Schedule CIT-CR may not exceed the income tax claimed on line 12 of CIT-1.

A corporation with income subject to New Mexico income tax may be eligible for the following corporate income tax credits:

- Corporate-supported Child-Care Credit,

<b>Line 10.</b>	
<b>CORPORATE INCOME TAX RATES</b>	
<u>Net Taxable Income</u>	<u>Tax</u>
Not over \$500,000.....	4.8% of net taxable income
Over \$500,000 but not over \$1,000,000 .....	\$24,000 plus 6.4% of the excess over \$500,000
Over \$1,000,000 .....	\$56,000 plus 7.3% of the excess over \$1,000,000

**Line 2. Interest income from municipal bonds.** Enter interest income from non-New Mexico municipal bonds and other obligations not subject to federal income tax under IRC Section 103.

**Line 5. New Mexico NOL carryover.** Enter the New Mexico net operating loss (NOL) carryover that may be applied to the liability on your CIT return. Attach Form RPD-41379, *New Mexico Net Operating Loss Carryforward Schedule for Corporate Income Tax*, to your return showing the tax year when each New Mexico net operating loss occurred. The schedule also should list each loss for each tax year for which it was carried forward, including 2014.

**All New Mexico net operating losses must flow from a federal net operating loss. You cannot have a New Mexico NOL without first having a federal NOL. The New Mexico NOL can be increased by the income, if any, from U.S. government obligations less related expenses. See Form RPD-41379 to compute the New Mexico NOL incurred and applied.**

Unlike a federal net operating loss deduction, a New Mexico net operating loss incurred in tax years after January 1, 2013, **cannot be carried back** and may be carried forward for 19 years or until the total amount of the loss carryover has been used, whichever occurs first. A New Mexico net operating loss incurred in tax years after 1990, but before January 1, 2014, also cannot be carried back and may only be carried forward for five years or until the total

amount of the loss carryover has been used, whichever occurs first.

You cannot apply a New Mexico net operating loss carryforward until the following tax year -- provided you have filed a timely return -- or until the first tax year that begins after the date you file a return establishing the loss.

The New Mexico NOL carryover deduction is limited to the sum of:

(a) The amount of any federal NOL carryover claimed and allowed for losses incurred in tax years beginning prior to January 1, 1991, and

(b) The amount of any NOL (as defined by Section 172(c) of the Internal Revenue Code) incurred in tax years beginning on or after January 1, 1991.

**Line 6. Interest from U.S. government obligations or federally taxed New Mexico bonds.** Interest or dividend income from U.S. government obligations is deductible from the corporation's taxable income only if, and to the extent that, it was included in taxable income on line 1 of the CIT-1 return. Expenses related to income from U.S. obligations must be subtracted and the net amount entered.

**NOTE:** Income from Fannie Mae, Ginnie Mae, Freddie Mac and other U.S. guarantee entities is not deductible. Income from repurchase agreements of U.S. obligations (REPOs) is not deductible. Interest on notes issued by the Federal Home Loan Bank obligations is deductible, but not dividends issued by the Federal Home Loan Bank. That portion of income paid by mutual funds, unit investment trusts and a simple trust that is derived from

<b>Computation of Corporate Income Tax</b>	<b>22. Net Economic Loss</b> <i>(Attach schedule)</i>		▶ 22.	_____	.00
	<b>23. Income Before Contributions to N.C. Donees</b> Line 20 minus Lines 21 and 22		▶ 23. ○	_____	.00
	<b>24. Contributions to N.C. Donees</b> <i>(From Schedule I, Line 2e)</i>		▶ 24.	_____	.00
	<b>25. Net Taxable Income</b> Line 23 minus Line 24		▶ 25. ○	_____	.00
	<b>26. N.C. Net Income Tax</b> Multiply Line 25 by 6.0%		▶ 26.	_____	.00
	<b>27. Annual Report Fee</b>		▶ 27.	_____	.00
	<b>28. Add Lines 26 and 27</b>		▶ 28.	_____	.00
	<b>29. Payments and Credits</b> <i>When filing an amended return, see instructions.</i>		▶ 29a.	_____	.00
	a. Application for Income Tax Extension <i>(From Form CD-419, Line 10)</i>		▶ 29b.	_____	.00
	b. 2014 Estimated Tax		▶ 29c.	_____	.00
	c. Partnership <i>(If a partnership payment is claimed on Line 29c, a copy of the NC K-1 MUST be attached.)</i>		▶ 29d.	_____	.00
	d. Nonresident Withholding <i>(Include copy of 1099 or W-2)</i>		▶ 29e.	_____	.00
	e. Tax Credits <i>(From Form CD-425, Part 4, Line 25)</i> <i>If a tax credit is claimed on Line 29e, Form CD-425 MUST be attached.</i>		▶ 30.	_____	.00
	<b>30. Add Lines 29a through 29e</b>		▶ 30.	_____	.00
<b>31. Income Tax Due</b> - If Line 30 is less than Line 28, enter difference here and on Line 34, below		▶ 31.	\$ _____	.00	
<b>32. Income Tax Overpaid</b> - If Line 30 is more than Line 28, enter difference here and on Line 34, below		▶ 32.	_____	.00	

If amount on Line 23 or 25 is negative fill in circle.  
Example:  
●

Include \$25.00 **ONLY** if filing report with the Department of Revenue. *(Pay online. Go to [www.sosnc.com](http://www.sosnc.com) for an electronic filing option.)*



<b>Tax Due or Refund</b>	<b>33. Franchise Tax Due or Overpayment</b> <i>(From Schedule A, Line 8 or 9)</i>		▶ 33. ○	_____	.00	
	<b>34. Income Tax Due or Overpayment</b> <i>(From Schedule B, Line 31 or 32)</i>		▶ 34. ○	_____	.00	
	<b>35. Balance of Tax Due or Overpayment</b> Add (or subtract) Lines 33 and 34		▶ 35. ○	_____	.00	
	<b>36. Underpayment of Estimated Income Tax</b> <i>(Enter letter in exceptions box, if applicable. See instructions.)</i>		▶ 36.	_____	.00	
	<b>37. a. Interest</b>	<b>b. Penalties</b>		▶ 37c.	_____	.00
	▶ _____ .00	▶ _____ .00	<i>(Add Lines 37a and 37b and enter the total on Line 37c)</i>			
	<b>38. Total Due</b> - Add Lines 35, 36, and 37c and enter result here, but not less than zero. If less than zero, enter amount on Line 39. <i>Pay online. Go to <a href="http://www.dornc.com">www.dornc.com</a> and click on E-Services.</i>		▶ 38.	_____	.00	
	<b>39. Overpayment</b>		▶ 39.	_____	.00	
	<b>40. Amount of Line 39 applied to 2015 Estimated Income Tax</b>		▶ 40.	_____	.00	
	<b>41. Amount of Line 39 contributed to N.C. Nongame and Endangered Wildlife Fund</b>		▶ 41.	_____	.00	
<b>42. Amount of Line 39 contributed to N.C. Education Endowment Fund</b>		▶ 42.	_____	.00		
<b>43. Amount to be Refunded</b> Line 39 minus Lines 40, 41, and 42		▶ 43.	_____	.00		

If amount on Line 33-35 is an overpayment fill in circle.  
Example:  
●

Exception to Underpayment of Estimated Tax

Signature and Title of Officer: \_\_\_\_\_ Date: \_\_\_\_\_  
I certify that, to the best of my knowledge, this return is accurate and complete.

Corporate Telephone Number: \_\_\_\_\_  
*(Important: Include Area Code)*

Signature of Paid Preparer: \_\_\_\_\_  
I certify that, to the best of my knowledge, this return is accurate and complete.

Preparer's  FEIN  SSN  PTIN: \_\_\_\_\_  
*(Fill in applicable circle)*

In this instance, it will be presumed that both the “parent” entity and the disregarded entity have nexus in Texas for apportionment purposes only. Whether or not the entity is disregarded for franchise tax, it must be listed separately on the affiliate schedule. Additionally, if the disregarded entity is organized in Texas or has physical presence in Texas, it will be required to file the appropriate information report (Form 05-102 or 05-167).

### Margin

Unless a taxable entity qualifies and chooses to file using the EZ computation, the tax base is the taxable entity’s margin and is computed in one of the following ways:

- Total Revenue times 70%
- Total Revenue minus Cost of Goods Sold (COGS)
- Total Revenue minus Compensation
- Total Revenue minus \$1 million

*Note: Not all entities will qualify to use COGS to compute margin. See instructions for Item 11. Cost of goods sold (COGS) on page 16 for more information.*

### Tax Rates

The franchise tax rates for reports originally due after Dec. 31, 2014 and before Jan. 1, 2016:

- 0.95% (0.0095) for most entities
- 0.475% (0.00475) for qualifying wholesalers and retailers
- 0.575% (0.00575) for those entities with \$10 million or less in annualized total revenue using the EZ computation

Qualifying retailers and wholesalers are entities that are primarily engaged in retail and/or wholesale trade. Retail trade means the activities described in Division G of the 1987 Standard Industrial Classification (SIC) manual; apparel rental activities classified in Industry 5999 or 7299 of the SIC manual; activities classified as SIC Industry Group 753 (Automotive Repair Shops); activities involving the rental or leasing of tools, party and event supplies, and furniture under SIC Code 7359; heavy construction equipment rental or leasing activities under SIC Code 7353; and rental-purchase agreement activities regulated by Chapter 92, Business & Commerce Code. Wholesale trade means the activities described in Division F of the 1987 SIC manual. (The 1987 SIC manual is available online at [www.osha.gov/pls/imis/sicsearch.html](http://www.osha.gov/pls/imis/sicsearch.html).)

An entity is primarily engaged in retail and/or wholesale trade if:

- 1) the total revenue from its activities in retail and wholesale trade is greater than the total revenue from its activities in trades other than the retail and wholesale trades;
- 2) except for eating and drinking places as described in Major Group 58 of Division G, less than 50% of the total revenue from activities in retail and wholesale trade comes from the sale of products it produces or products produced by an entity that is part of an affiliated group to which the taxable entity also belongs; and
- 3) the taxable entity does not provide retail or wholesale utilities, including telecommunications services, electricity or gas.

*Note: A product is not considered to be produced if modifications made to the acquired product do not increase its sales price by more than 10%.*

### Annualized Total Revenue

To determine an entity’s eligibility for the \$1,080,000 no tax due threshold and qualification for the EZ computation, an entity must annualize its total revenue if the period upon which the report is based is not equal to 12 months.

*Note: The amount of total revenue used in the tax calculations will NOT change as a result of annualizing revenue. Total revenue will equal the prescribed amounts for the period upon which the tax is based.*

To annualize total revenue, divide total revenue by the number of days in the period upon which the report is based, and multiply the result by 365.

Example: A taxable entity’s 2015 franchise tax report is based on the period 09-15-2014 through 12-31-2014 (108 days), and its total revenue for the period is \$400,000. The taxable entity’s annualized total revenue is \$1,351,852 (\$400,000 divided by 108 days multiplied by 365 days). Based on its annualized total revenue, the taxable entity would NOT qualify for the \$1,080,000 no tax due threshold, but is eligible to file using the EZ computation. The entity will report \$400,000 as total revenue for the period.

### Minimum Franchise Tax

There is no minimum tax requirement under the franchise tax provisions. An entity that calculates an amount of tax due that is less than \$1,000 or that has annualized total revenue less than or equal to \$1,080,000 is not required to pay any tax. (See note for tiered partnership exception.) The entity, however, must submit all required reports to satisfy its filing requirements.

If an entity meets the \$1,080,000 no tax due threshold in the previous paragraph, it may file a No Tax Due Information Report (Form 05-163).

*Note: A tiered partnership election is not allowed if the lower tier entity, before passing total revenue to the upper tier entities, has \$1,080,000 or less in annualized total revenue or owes less than \$1,000 in tax. If the election is made and revenue is passed, both the upper and lower tier entities will owe any amount of tax that is calculated as due even if the amount is less than \$1,000 or annualized total revenue after the tiered partnership election is \$1,080,000 or less.*

### EZ Computation

Entities with \$10 million or less in annualized total revenue may choose to file using the EZ Computation Report (Form 05-169).

Combined groups are eligible for the EZ computation. Upper and lower tier entities, when the tiered partnership election has been made, will qualify for the EZ computation only if the lower tier entity would have qualified for the EZ computation before passing total revenue to the upper tier entities.

NAME		FEIN	
11. Total income subject to apportionment (from previous page).....	11		.00
12. WV Apportionment Factor (Form CNF-120APT, Sch. B Part 1, line 8; Part 2 or Part 3 Column 3) <b>COMPLETED FORM MUST BE ATTACHED</b> .....	12	•	
13. West Virginia apportioned income (line 11 multiplied by line 12).....	13		.00
14. Nonbusiness income allocated to West Virginia (Form CNF-120APT Sch. A2, Line 12)...	14		.00
15. West Virginia adjusted taxable income – Multistate corporations add lines 13 and 14; wholly West Virginia corporations enter amount from line 9.....	15		.00
16. Net operating loss carryforward (Schedule NOL, column 6 total).....	16		.00
17. Subtotal (line 15 less line 16).....	17		.00
18. REIT Inclusion and other Taxable income.....	18		.00
19. WV Net Taxable Income (Add lines 17 and 18) (Combined filers should enter amount from line 20 of Schedule UB 3).....	19		.00
20. Corporate Net Income Tax Rate.....	20	0.065	
21. Corporate Net Income Tax (line 19 multiplied by line 20).....	21		.00
22. Corporate Net Income Tax Credits (Column 2, line 24, Form CNF-120TC).....	22		.00
23. Adjusted Corporate Net Income Tax (subtract line 22 from line 21).....	23		.00

**COMBINED BUSINESS FRANCHISE TAX AND CORPORATE NET INCOME TAX**

24. COMBINED FRANCHISE/INCOME TAX (Add lines 5 and 23; Do NOT subtract from line 5).....	24		.00
25. Prior year carryforward credit, estimated and tentative payments..	25	.00	
26. Withholding from NRW-2, K-1, 1099 <input type="checkbox"/> CHECK HERE IF WITHHOLDING IS FROM NRSR (NONRESIDENT SALE OF REAL ESTATE)	26	.00	
27. Amount paid with original return (Amended Return Only).....	27	.00	
28. Payments (add lines 25 through 27; must match total on Schedule C).....	28		.00
29. Overpayment previously refunded or credited (Amended return only).....	29		.00
30. TOTAL PAYMENTS (subtract line 29 from line 28).....	30		.00
31. If line 30 is <b>larger</b> than line 24 enter <b>overpayment</b> .....	31		.00
32. Amount of line 31 to be <b>credited</b> to next year's tax.....	32		.00
33. Amount of line 31 to be <b>refunded</b> (Subtract line 32 from line 31).....	33		.00
34. If line 30 is <b>smaller</b> than line 24, enter <b>tax due</b> here.....	34		.00
35. Interest for late payment (see instructions).....	35		.00
36. Additions to tax for late filing and/or late payment (see instructions).....	36		.00
37. Penalty for underpayment of estimated tax (line 10, Form CNF-120U; Attach schedule)	37		.00
38. <b>TOTAL DUE</b> with this return (add lines 34 through 37).....	38		.00

Direct Deposit of Refund

CHECKING  SAVINGS

ROUTING NUMBER

ACCOUNT NUMBER

**PLEASE REVIEW YOUR ACCOUNT INFORMATION FOR ACCURACY. PROVIDING INCORRECT ACCOUNT INFORMATION MAY RESULT IN A \$15.00 RETURNED PAYMENT CHARGE.**

Under penalties of perjury, I declare that I have examined this return, accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. I authorize the State Tax Department to discuss my return with my preparer.  YES  NO

Signature of Officer/Partner or Member    Print name of Officer/Partner or member    Title    Date    Business Telephone Number

Paid preparer's signature    Firm's name and address    Date    Preparer's Telephone Number

**MAIL TO:**  
**WEST VIRGINIA STATE TAX DEPARTMENT**  
**TAX ACCOUNT ADMINISTRATION DIVISION**  
**PO BOX 1202**  
**CHARLESTON WV 25324-1202**



**Summary of Additional Data Used in Calculations  
from Annual Report Form R-1  
(\$000)**

**Total Railway Operating Revenues  
Schedule 210, Line 13, Column (b)**

<b>Year</b>	<b>RR</b>	<b>Sched</b>	<b>Line</b>	<b>Column (b)</b>
2014	BNSF	210	13	\$23,035,998
2014	CNGT	210	13	3,550,315
2014	CSX	210	13	12,342,404
2014	KCS	210	13	1,359,384
2014	NS	210	13	11,624,231
2014	SOO	210	13	1,771,298
2014	UP	210	13	23,975,236
<u>Total</u>				<b>\$77,658,866</b>

**Income (Loss) from continuing operations (before income taxes)  
Schedule 210, Line 46, Col. (b)**

<b>Year</b>	<b>RR</b>	<b>Sched</b>	<b>Line</b>	<b>Column (b)</b>
2014	BNSF	210	46	\$6,965,573
2014	CNGT	210	46	864,585
2014	CSX	210	46	2,880,657
2014	KCS	210	46	272,529
2014	NS	210	46	3,202,830
2014	SOO	210	46	124,983
2014	UP	210	46	8,705,609
<u>Total</u>				<b>\$23,016,766</b>

## BNSF Tax Rate Calculation for Texas for 2014

### **Corporate Activities Tax**

Miles in Texas = 5123 (info only)

Operating Revenue	\$23,035,998	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$6,965,573	from R-1 Schedule 210 Line 46
Taxable Receipts	16,125,199	70% of Operating Revenue
Tax Rate	0.950%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	153,189	Tax Rate x Taxable Receipts
Effective Tax Rate	2.199%	State Taxes divided by Net Income Before Tax

#### Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.  
All dollar amounts are in thousands.

## CNGT Tax Rate Calculation for Texas for 2014

### **Corporate Activities Tax**

Miles in Texas = 0 (info only)

Operating Revenue	\$3,550,315	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$864,585	from R-1 Schedule 210 Line 46
Taxable Receipts	2,485,221	70% of Operating Revenue
Tax Rate	0.950%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	23,610	Tax Rate x Taxable Receipts
Effective Tax Rate	2.731%	State Taxes divided by Net Income Before Tax

#### Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.  
All dollar amounts are in thousands.

## CSX Tax Rate Calculation for Texas for 2014

### **Corporate Activities Tax**

Miles in Texas = 0 (info only)

Operating Revenue	\$12,342,404	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$2,880,657	from R-1 Schedule 210 Line 46
Taxable Receipts	8,639,683	70% of Operating Revenue
Tax Rate	0.950%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	82,077	Tax Rate x Taxable Receipts
Effective Tax Rate	2.849%	State Taxes divided by Net Income Before Tax

#### Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.  
All dollar amounts are in thousands.

### KCS Tax Rate Calculation for Texas for 2014

<b>Corporate Activities Tax</b>			Miles in Texas = 927 (info only)
Operating Revenue	\$1,359,384	from R-1 Schedule 210 Line 13	
Net Inc. Bef. Tax	\$272,529	from R-1 Schedule 210 Line 46	
Taxable Receipts	951,569	70% of Operating Revenue	
Tax Rate	0.950%	Texas Margins Tax on 70% of Gross Receipts	
State Taxes	9,040	Tax Rate x Taxable Receipts	
Effective Tax Rate	3.317%	State Taxes divided by Net Income Before Tax	

#### Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.  
All dollar amounts are in thousands.

### NS Tax Rate Calculation for Texas for 2014

<b>Corporate Activities Tax</b>			Miles in Texas = 0 (info only)
Operating Revenue	\$11,624,231	from R-1 Schedule 210 Line 13	
Net Inc. Bef. Tax	\$3,202,830	from R-1 Schedule 210 Line 46	
Taxable Receipts	8,136,962	70% of Operating Revenue	
Tax Rate	0.950%	Texas Margins Tax on 70% of Gross Receipts	
State Taxes	77,301	Tax Rate x Taxable Receipts	
Effective Tax Rate	2.414%	State Taxes divided by Net Income Before Tax	

#### Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.  
All dollar amounts are in thousands.

### SOO Tax Rate Calculation for Texas for 2014

<b>Corporate Activities Tax</b>			Miles in Texas = 0 (info only)
Operating Revenue	\$1,771,298	from R-1 Schedule 210 Line 13	
Net Inc. Bef. Tax	\$124,983	from R-1 Schedule 210 Line 46	
Taxable Receipts	1,239,909	70% of Operating Revenue	
Tax Rate	0.950%	Texas Margins Tax on 70% of Gross Receipts	
State Taxes	11,779	Tax Rate x Taxable Receipts	
Effective Tax Rate	9.425%	State Taxes divided by Net Income Before Tax	

#### Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.  
All dollar amounts are in thousands.

## UP Tax Rate Calculation for Texas for 2014

### **Corporate Activities Tax**

Miles in Texas = 6310 (info only)

Operating Revenue	\$23,975,236	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$8,705,609	from R-1 Schedule 210 Line 46
Taxable Receipts	16,782,665	70% of Operating Revenue
Tax Rate	0.950%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	159,435	Tax Rate x Taxable Receipts
Effective Tax Rate	1.831%	State Taxes divided by Net Income Before Tax

### Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.  
All dollar amounts are in thousands.

## BNSF Average State Tax Rate for 2014

State	Miles BNSF	Income		Pct Miles	Pct Miles x Tax Rate
		Tax Rate			
Alabama	300	6.500%		0.92217%	0.05994%
Arizona	595	6.500%		1.82897%	0.11888%
Arkansas	1,052	6.500%		3.23374%	0.21019%
California	2,114	8.840%		6.49822%	0.57444%
Colorado	1,403	4.630%		4.31268%	0.19968%
Connecticut	0	0.000%		0.00000%	0.00000%
Delaware	0	8.700%		0.00000%	0.00000%
Dist. of Columbia	0	9.975%		0.00000%	0.00000%
Florida	0	5.500%		0.00000%	0.00000%
Georgia	0	6.000%		0.00000%	0.00000%
Idaho	118	7.400%		0.36272%	0.02684%
Illinois	1,552	9.500%		4.77069%	0.45322%
Indiana	0	7.250%		0.00000%	0.00000%
Iowa	706	12.000%		2.17017%	0.26042%
Kansas	1,709	7.000%		5.25329%	0.36773%
Kentucky	99	6.000%		0.30432%	0.01826%
Louisiana	348	8.000%		1.06972%	0.08558%
Maine	0	0.000% *		0.00000%	0.00000%
Maryland	0	8.250%		0.00000%	0.00000%
Massachusetts	0	8.000%		0.00000%	0.00000%
Michigan	0	6.000%		0.00000%	0.00000%
Minnesota	1,660	9.800%		5.10267%	0.50006%
Mississippi	179	5.000%		0.55023%	0.02751%
Missouri	1,711	6.250%		5.25944%	0.32871%
Montana	2,171	6.750%		6.67343%	0.45046%
Nebraska	1,649	7.810%		5.06886%	0.39588%
Nevada	805	0.000%		2.47449%	0.00000%
New Hampshire	0	0.000% *		0.00000%	0.00000%
New Jersey	0	0.000%		0.00000%	0.00000%
New Mexico	1,357	7.300%		4.17128%	0.30450%
New York	0	0.000%		0.00000%	0.00000%
North Carolina	0	6.000%		0.00000%	0.00000%
North Dakota	1,705	4.530%		5.24099%	0.23742%
Ohio	0	0.000%		0.00000%	0.00000%
Oklahoma	1,409	6.000%		4.33112%	0.25987%
Oregon	386	7.600%		1.18652%	0.09018%
Pennsylvania	0	9.990%		0.00000%	0.00000%
Rhode Island	0	0.000% *		0.00000%	0.00000%
South Carolina	0	5.000%		0.00000%	0.00000%
South Dakota	926	0.000%		2.84643%	0.00000%
Tennessee	144	6.500%		0.44264%	0.02877%
Texas	5,123	2.199%		15.74757%	0.34633%
Utah	433	5.000%		1.33100%	0.06655%
Vermont	0	0.000% *		0.00000%	0.00000%
Virginia	0	6.000%		0.00000%	0.00000%
Washington	1,635	0.000%		5.02582%	0.00000%
West Virginia	0	6.500%		0.00000%	0.00000%
Wisconsin	273	7.900%		0.83917%	0.06629%
Wyoming	970	0.000%		2.98168%	0.00000%
Total U.S.	32,532			100.00000%	5.47771%

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an "\*\*".

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

## CNGT Average State Tax Rate for 2014

State	Miles CNGT	Income		Pct Miles x Tax Rate
		Tax Rate	Pct Miles	
Alabama	26	6.500%	0.42686%	0.02775%
Arizona	0	6.500%	0.00000%	0.00000%
Arkansas	0	6.500%	0.00000%	0.00000%
California	0	8.840%	0.00000%	0.00000%
Colorado	0	4.630%	0.00000%	0.00000%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	9.975%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	0	7.400%	0.00000%	0.00000%
Illinois	1,264	9.500%	20.75193%	1.97143%
Indiana	102	7.250%	1.67460%	0.12141%
Iowa	574	12.000%	9.42374%	1.13085%
Kansas	0	7.000%	0.00000%	0.00000%
Kentucky	97	6.000%	1.59251%	0.09555%
Louisiana	239	8.000%	3.92382%	0.31391%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	0	8.250%	0.00000%	0.00000%
Massachusetts	0	8.000%	0.00000%	0.00000%
Michigan	928	6.000%	15.23559%	0.91414%
Minnesota	380	9.800%	6.23871%	0.61139%
Mississippi	752	5.000%	12.34608%	0.61730%
Missouri	0	6.250%	0.00000%	0.00000%
Montana	0	6.750%	0.00000%	0.00000%
Nebraska	0	7.810%	0.00000%	0.00000%
Nevada	0	0.000%	0.00000%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	0.000%	0.00000%	0.00000%
New Mexico	0	7.300%	0.00000%	0.00000%
New York	0	0.000%	0.00000%	0.00000%
North Carolina	0	6.000%	0.00000%	0.00000%
North Dakota	0	4.530%	0.00000%	0.00000%
Ohio	4	0.000%	0.06567%	0.00000%
Oklahoma	0	6.000%	0.00000%	0.00000%
Oregon	0	7.600%	0.00000%	0.00000%
Pennsylvania	156	9.990%	2.56116%	0.25586%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	0	5.000%	0.00000%	0.00000%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	161	6.500%	2.64324%	0.17181%
Texas	0	2.731%	0.00000%	0.00000%
Utah	0	5.000%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	0	6.500%	0.00000%	0.00000%
Wisconsin	1,408	7.900%	23.11607%	1.82617%
Wyoming	0	0.000%	0.00000%	0.00000%
<b>Total U.S.</b>	<b>6,091</b>		<b>100.00000%</b>	<b>8.05757%</b>

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Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

## CSX Average State Tax Rate for 2014

State	Miles CSX	Income		Pct Miles	Pct Miles x Tax Rate
		Tax Rate			
Alabama	1,011	6.500%		4.88736%	0.31768%
Arizona	0	6.500%		0.00000%	0.00000%
Arkansas	0	6.500%		0.00000%	0.00000%
California	0	8.840%		0.00000%	0.00000%
Colorado	0	4.630%		0.00000%	0.00000%
Connecticut	68	0.000%		0.32872%	0.00000%
Delaware	44	8.700%		0.21270%	0.01851%
Dist. of Columbia	20	9.975%		0.09668%	0.00964%
Florida	1,648	5.500%		7.96674%	0.43817%
Georgia	1,614	6.000%		7.80238%	0.46814%
Idaho	0	7.400%		0.00000%	0.00000%
Illinois	896	9.500%		4.33143%	0.41149%
Indiana	1,438	7.250%		6.95156%	0.50399%
Iowa	0	12.000%		0.00000%	0.00000%
Kansas	0	7.000%		0.00000%	0.00000%
Kentucky	1,680	6.000%		8.12143%	0.48729%
Louisiana	43	8.000%		0.20787%	0.01663%
Maine	0	0.000% *		0.00000%	0.00000%
Maryland	549	8.250%		2.65397%	0.21895%
Massachusetts	394	8.000%		1.90467%	0.15237%
Michigan	558	6.000%		2.69748%	0.16185%
Minnesota	0	9.800%		0.00000%	0.00000%
Mississippi	94	5.000%		0.45441%	0.02272%
Missouri	13	6.250%		0.06284%	0.00393%
Montana	0	6.750%		0.00000%	0.00000%
Nebraska	0	7.810%		0.00000%	0.00000%
Nevada	0	0.000%		0.00000%	0.00000%
New Hampshire	0	0.000% *		0.00000%	0.00000%
New Jersey	647	0.000%		3.12772%	0.00000%
New Mexico	0	7.300%		0.00000%	0.00000%
New York	1,281	0.000%		6.19259%	0.00000%
North Carolina	1,121	6.000%		5.41912%	0.32515%
North Dakota	0	4.530%		0.00000%	0.00000%
Ohio	1,878	0.000%		9.07860%	0.00000%
Oklahoma	0	6.000%		0.00000%	0.00000%
Oregon	0	7.600%		0.00000%	0.00000%
Pennsylvania	1,033	9.990%		4.99372%	0.49887%
Rhode Island	0	0.000% *		0.00000%	0.00000%
South Carolina	1,307	5.000%		6.31828%	0.31591%
South Dakota	0	0.000%		0.00000%	0.00000%
Tennessee	990	6.500%		4.78585%	0.31108%
Texas	0	2.849%		0.00000%	0.00000%
Utah	0	5.000%		0.00000%	0.00000%
Vermont	0	0.000% *		0.00000%	0.00000%
Virginia	1,054	6.000%		5.09523%	0.30571%
Washington	0	0.000%		0.00000%	0.00000%
West Virginia	1,305	6.500%		6.30861%	0.41006%
Wisconsin	0	7.900%		0.00000%	0.00000%
Wyoming	0	0.000%		0.00000%	0.00000%
<b>Total U.S.</b>	<b>20,686</b>			<b>100.00000%</b>	<b>5.39814%</b>

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Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

## KCS Average State Tax Rate for 2014

State	Miles KCS	Income		Pct Miles	Pct Miles x Tax Rate
		Tax Rate			
Alabama	44	6.500%		1.31776%	0.08565%
Arizona	0	6.500%		0.00000%	0.00000%
Arkansas	163	6.500%		4.88170%	0.31731%
California	0	8.840%		0.00000%	0.00000%
Colorado	0	4.630%		0.00000%	0.00000%
Connecticut	0	0.000%		0.00000%	0.00000%
Delaware	0	8.700%		0.00000%	0.00000%
Dist. of Columbia	0	9.975%		0.00000%	0.00000%
Florida	0	5.500%		0.00000%	0.00000%
Georgia	0	6.000%		0.00000%	0.00000%
Idaho	0	7.400%		0.00000%	0.00000%
Illinois	182	9.500%		5.45073%	0.51782%
Indiana	0	7.250%		0.00000%	0.00000%
Iowa	0	12.000%		0.00000%	0.00000%
Kansas	18	7.000%		0.53908%	0.03774%
Kentucky	0	6.000%		0.00000%	0.00000%
Louisiana	744	8.000%		22.28212%	1.78257%
Maine	0	0.000% *		0.00000%	0.00000%
Maryland	0	8.250%		0.00000%	0.00000%
Massachusetts	0	8.000%		0.00000%	0.00000%
Michigan	0	6.000%		0.00000%	0.00000%
Minnesota	0	9.800%		0.00000%	0.00000%
Mississippi	709	5.000%		21.23390%	1.06170%
Missouri	396	6.250%		11.85984%	0.74124%
Montana	0	6.750%		0.00000%	0.00000%
Nebraska	0	7.810%		0.00000%	0.00000%
Nevada	0	0.000%		0.00000%	0.00000%
New Hampshire	0	0.000% *		0.00000%	0.00000%
New Jersey	0	0.000%		0.00000%	0.00000%
New Mexico	0	7.300%		0.00000%	0.00000%
New York	0	0.000%		0.00000%	0.00000%
North Carolina	0	6.000%		0.00000%	0.00000%
North Dakota	0	4.530%		0.00000%	0.00000%
Ohio	0	0.000%		0.00000%	0.00000%
Oklahoma	151	6.000%		4.52231%	0.27134%
Oregon	0	7.600%		0.00000%	0.00000%
Pennsylvania	0	9.990%		0.00000%	0.00000%
Rhode Island	0	0.000% *		0.00000%	0.00000%
South Carolina	0	5.000%		0.00000%	0.00000%
South Dakota	0	0.000%		0.00000%	0.00000%
Tennessee	5	6.500%		0.14975%	0.00973%
Texas	927	3.317%		27.76280%	0.92090%
Utah	0	5.000%		0.00000%	0.00000%
Vermont	0	0.000% *		0.00000%	0.00000%
Virginia	0	6.000%		0.00000%	0.00000%
Washington	0	0.000%		0.00000%	0.00000%
West Virginia	0	6.500%		0.00000%	0.00000%
Wisconsin	0	7.900%		0.00000%	0.00000%
Wyoming	0	0.000%		0.00000%	0.00000%
Total U.S.	3,339			100.00000%	5.74600%

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an "\*\*".

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

## NS Average State Tax Rate for 2014

State	Miles NS	Income		
		Tax Rate	Pct Miles	Pct Miles x Tax Rate
Alabama	1,304	6.500%	6.60019%	0.42901%
Arizona	0	6.500%	0.00000%	0.00000%
Arkansas	0	6.500%	0.00000%	0.00000%
California	0	8.840%	0.00000%	0.00000%
Colorado	0	4.630%	0.00000%	0.00000%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	203	8.700%	1.02748%	0.08939%
Dist. of Columbia	13	9.975%	0.06580%	0.00656%
Florida	149	5.500%	0.75416%	0.04148%
Georgia	1,719	6.000%	8.70071%	0.52204%
Idaho	0	7.400%	0.00000%	0.00000%
Illinois	1,256	9.500%	6.35724%	0.60394%
Indiana	1,445	7.250%	7.31386%	0.53026%
Iowa	43	12.000%	0.21764%	0.02612%
Kansas	2	7.000%	0.01012%	0.00071%
Kentucky	429	6.000%	2.17138%	0.13028%
Louisiana	76	8.000%	0.38467%	0.03077%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	269	8.250%	1.36154%	0.11233%
Massachusetts	0	8.000%	0.00000%	0.00000%
Michigan	487	6.000%	2.46495%	0.14790%
Minnesota	0	9.800%	0.00000%	0.00000%
Mississippi	211	5.000%	1.06798%	0.05340%
Missouri	409	6.250%	2.07015%	0.12938%
Montana	0	6.750%	0.00000%	0.00000%
Nebraska	0	7.810%	0.00000%	0.00000%
Nevada	0	0.000%	0.00000%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	931	0.000%	4.71225%	0.00000%
New Mexico	0	7.300%	0.00000%	0.00000%
New York	751	0.000%	3.80118%	0.00000%
North Carolina	1,193	6.000%	6.03837%	0.36230%
North Dakota	0	4.530%	0.00000%	0.00000%
Ohio	2,172	0.000%	10.99357%	0.00000%
Oklahoma	0	6.000%	0.00000%	0.00000%
Oregon	0	7.600%	0.00000%	0.00000%
Pennsylvania	2,279	9.990%	11.53515%	1.15236%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	762	5.000%	3.85686%	0.19284%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	844	6.500%	4.27190%	0.27767%
Texas	0	2.414%	0.00000%	0.00000%
Utah	0	5.000%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	2,004	6.000%	10.14324%	0.60859%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	806	6.500%	4.07957%	0.26517%
Wisconsin	0	7.900%	0.00000%	0.00000%
Wyoming	0	0.000%	0.00000%	0.00000%
Total U.S.	19,757		100.00000%	5.71252%

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an "\*\*".

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

## SOO Average State Tax Rate for 2014

State	Miles SOO	Income		Pct Miles	Pct Miles x Tax Rate
		Tax Rate			
Alabama	0	6.500%		0.00000%	0.00000%
Arizona	0	6.500%		0.00000%	0.00000%
Arkansas	0	6.500%		0.00000%	0.00000%
California	0	8.840%		0.00000%	0.00000%
Colorado	0	4.630%		0.00000%	0.00000%
Connecticut	0	0.000%		0.00000%	0.00000%
Delaware	0	8.700%		0.00000%	0.00000%
Dist. of Columbia	0	9.975%		0.00000%	0.00000%
Florida	0	5.500%		0.00000%	0.00000%
Georgia	0	6.000%		0.00000%	0.00000%
Idaho	0	7.400%		0.00000%	0.00000%
Illinois	393	9.500%		7.13767%	0.67808%
Indiana	154	7.250%		2.79695%	0.20278%
Iowa	654	12.000%		11.87795%	1.42535%
Kansas	0	7.000%		0.00000%	0.00000%
Kentucky	0	6.000%		0.00000%	0.00000%
Louisiana	0	8.000%		0.00000%	0.00000%
Maine	0	0.000% *		0.00000%	0.00000%
Maryland	0	8.250%		0.00000%	0.00000%
Massachusetts	0	8.000%		0.00000%	0.00000%
Michigan	80	6.000%		1.45296%	0.08718%
Minnesota	1,714	9.800%		31.12968%	3.05071%
Mississippi	0	5.000%		0.00000%	0.00000%
Missouri	144	6.250%		2.61533%	0.16346%
Montana	0	6.750%		0.00000%	0.00000%
Nebraska	0	7.810%		0.00000%	0.00000%
Nevada	0	0.000%		0.00000%	0.00000%
New Hampshire	0	0.000% *		0.00000%	0.00000%
New Jersey	68	0.000%		1.23502%	0.00000%
New Mexico	0	7.300%		0.00000%	0.00000%
New York	554	0.000%		10.06175%	0.00000%
North Carolina	0	6.000%		0.00000%	0.00000%
North Dakota	530	8.030% +		9.62586%	0.77296%
Ohio	30	0.000%		0.54486%	0.00000%
Oklahoma	0	6.000%		0.00000%	0.00000%
Oregon	0	7.600%		0.00000%	0.00000%
Pennsylvania	452	9.990%		8.20923%	0.82010%
Rhode Island	0	0.000% *		0.00000%	0.00000%
South Carolina	0	5.000%		0.00000%	0.00000%
South Dakota	112	0.000%		2.03414%	0.00000%
Tennessee	0	6.500%		0.00000%	0.00000%
Texas	0	9.425%		0.00000%	0.00000%
Utah	0	5.000%		0.00000%	0.00000%
Vermont	0	0.000% *		0.00000%	0.00000%
Virginia	0	6.000%		0.00000%	0.00000%
Washington	0	0.000%		0.00000%	0.00000%
West Virginia	0	6.500%		0.00000%	0.00000%
Wisconsin	621	7.900%		11.27861%	0.89101%
Wyoming	0	0.000%		0.00000%	0.00000%
Total U.S.	5,506			100.00000%	8.09162%

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an "\*\*".

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

"+" Waterman's Edge Surcharge Tax rate applied in North Dakota

## UP Average State Tax Rate for 2014

State	Miles UP	Income		Pct Miles	Pct Miles x Tax Rate
		Tax Rate			
Alabama	0	6.500%		0.00000%	0.00000%
Arizona	640	6.500%		2.00163%	0.13011%
Arkansas	1,326	6.500%		4.14712%	0.26956%
California	3,267	8.840%		10.21768%	0.90324%
Colorado	1,512	4.630%		4.72884%	0.21895%
Connecticut	0	0.000%		0.00000%	0.00000%
Delaware	0	8.700%		0.00000%	0.00000%
Dist. of Columbia	0	9.975%		0.00000%	0.00000%
Florida	0	5.500%		0.00000%	0.00000%
Georgia	0	6.000%		0.00000%	0.00000%
Idaho	848	7.400%		2.65215%	0.19626%
Illinois	2,313	9.500%		7.23400%	0.68723%
Indiana	19	7.250%		0.05942%	0.00431%
Iowa	1,386	12.000%		4.33477%	0.52017%
Kansas	2,203	7.000%		6.88997%	0.48230%
Kentucky	12	6.000%		0.03753%	0.00225%
Louisiana	1,152	8.000%		3.60293%	0.28823%
Maine	0	0.000% *		0.00000%	0.00000%
Maryland	0	8.250%		0.00000%	0.00000%
Massachusetts	0	8.000%		0.00000%	0.00000%
Michigan	0	6.000%		0.00000%	0.00000%
Minnesota	646	9.800%		2.02039%	0.19800%
Mississippi	0	5.000%		0.00000%	0.00000%
Missouri	1,498	6.250%		4.68506%	0.29282%
Montana	125	6.750%		0.39094%	0.02639%
Nebraska	1,067	7.810%		3.33709%	0.26063%
Nevada	1,193	0.000%		3.73116%	0.00000%
New Hampshire	0	0.000% *		0.00000%	0.00000%
New Jersey	0	0.000%		0.00000%	0.00000%
New Mexico	618	7.300%		1.93282%	0.14110%
New York	0	0.000%		0.00000%	0.00000%
North Carolina	0	6.000%		0.00000%	0.00000%
North Dakota	0	4.530%		0.00000%	0.00000%
Ohio	0	0.000%		0.00000%	0.00000%
Oklahoma	1,173	6.000%		3.66861%	0.22012%
Oregon	1,073	7.600%		3.35585%	0.25504%
Pennsylvania	0	9.990%		0.00000%	0.00000%
Rhode Island	0	0.000% *		0.00000%	0.00000%
South Carolina	0	5.000%		0.00000%	0.00000%
South Dakota	0	0.000%		0.00000%	0.00000%
Tennessee	14	6.500%		0.04379%	0.00285%
Texas	6,310	1.831%		19.73478%	0.36142%
Utah	1,246	5.000%		3.89692%	0.19485%
Vermont	0	0.000% *		0.00000%	0.00000%
Virginia	0	6.000%		0.00000%	0.00000%
Washington	532	0.000%		1.66385%	0.00000%
West Virginia	0	6.500%		0.00000%	0.00000%
Wisconsin	927	7.900%		2.89923%	0.22904%
Wyoming	874	0.000%		2.73347%	0.00000%
Total U.S.	31,974			100.00000%	5.88485%

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