Larry Brant Quoted in *Law360 Tax Authority* on Santa Fe Natural Tobacco Co. Ruling

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In a recent decision of the Oregon Supreme Court, Santa Fe Natural Tobacco Co. is faced with a significant tax obligation resulting from the stringent contractual requirements it imposed on wholesalers. The court determined that Santa Fe's solicitation of retailers in Oregon to sell its products under incentive agreements, which required wholesalers to accept "prebook orders" or face penalties, including the potential loss of rights to sell Santa Fe products, constituted activities that exceeded the protections offered to out-of-state taxpayers by Public Law 86-272. This ruling underscores the risks that out-of-state taxpayers may be exposed to when the complex nature of their activities go beyond the protections of Public Law 86-272.

Larry Brant shared his insights with Law360, stating that the well-reasoned decision of the court aligns with the expected limitations of Public Law 86-272. He explained, taking orders in Oregon that do not require out-of-state approval represent a done deal and likely exceed the law's protections.

This case serves as a crucial reminder that Public Law 86-272 is under vigilant scrutiny by state taxing authorities, Larry added. The protections offered by the law are limited, and out-of-state taxpayers must meticulously evaluate their activities and any contractual agreements with third parties that could potentially strip away these protections.

As the Oregon Department of Revenue reviews the court's guidance in conjunction with the Oregon Department of Justice to understand how the decision may impact future operations, stakeholders and taxpayers alike are urged to consider the implications of their contractual practices on tax obligations.

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