



Insights: Publications

6 Key Takeaways | Half a Century of SALT: The Continuing Evolution of Sales/Use and Property Tax

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Kilpatrick's **Jordan Goodman** recently attended the “Institute for Professionals in Taxation 2026 Annual Conference” in Honolulu. Mr. Goodman joined another leading thought leader to discuss landmark U.S. Supreme Court and state court decisions that continue to affect the sales/use and property tax landscape. The presentation examined how rulings on nexus, apportionment, and taxing authority influence policy and offered practical perspective on emerging trends and current challenges.

Mr. Goodman's key takeaways from the presentation include:

1. Sales tax became a foundational source of state and local revenue in the United States, and the modern system is best understood through three recurring issues: nexus, sourcing, and tax base.
2. Nexus defines when a state can require an out-of-state business to collect tax, and the doctrine evolved from the physical presence rules of *Bellas Hess* and *Quill* to the economic nexus framework adopted after *South Dakota v. Wayfair*.
3. After *Wayfair*, all sales tax states eventually adopted economic nexus thresholds for remote sellers. Once that was accomplished many states then shifted collection responsibility to marketplace facilitators. Easier to enforce the use tax collection responsibility on a single marketplace than a number of remote sellers.
4. Sourcing rules determine where a sale is taxed, and states generally rely on destination-based sourcing, although services, digital products, and multistate transactions often create far more complicated allocation questions. States seemed to be leaning heavily towards location of the customer and use terms such as where the benefit or service is delivered or enjoyed.
5. For services, including software, IT services, and other multistate uses, the Multiple Points of Use concept and decisions such as *Oracle USA, Inc. v. Commissioner of Revenue* recognize that taxpayers may apportion tax based on actual use rather than a single billing location.
6. The tax base addresses what is actually taxed, and states continue to expand and redefine it through rules governing bundled transactions, digital goods, services, local option taxes, and newer products such as marijuana. Bundled transactions should look to the object of the transaction but often focus on whether any taxable service is included in the bundle.

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