

**COMMENTARY**

Blue J Resource: Multi-State Survey: Section 174A Conformity

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Multi-State Survey: Section 174A Conformity

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Overview

Section 174A of the Internal Revenue Code, enacted by the One Big Beautiful Bill Act, allows taxpayers to immediately deduct domestic research and experimental (R&E) expenditures paid or incurred during the taxable year, rather than requiring capitalization and amortization. When a state "conforms" to Section 174A treatment, it follows this federal rule permitting immediate deduction (or elective amortization) of domestic R&E expenditures. States that do not conform may either remain tied to pre-OBBBA law and have not adopted the changes or they may have adopted a version of the Internal Revenue Code after the changes, but have decoupled from the federal law.

Note: This table shows each state's conformity status in relation to the current version of Section 174A implemented by the One Big Beautiful Bill Act as of 2025. States labeled as "Not Applicable" are those that do not impose state corporate income taxes.

State	Conformity to Section 174A as of 2025	Source
Alabama	No - Rolling conformity and decoupling	Ala. Code §40-18-62
		NOTICE Research and Experimental Expenditures, September 11, 2025 (https://www.revenue.alabama.gov/notice-research-and-experimental-expenditures)
Alaska	Yes - Rolling conformity and no decoupling	Alaska Stat. §43.20.021(a)
Arizona	Yes - Static conformity as of January 1, 2025	A.R.S. §43-105(A)
Arkansas	No - Static conformity and no adoption	Ark. Code Ann. §26-51-423
California	No - Decouples and conforms to 2015 version of Section 174	Cal. Rev. & Tax. Code §17201.1(a)
Colorado	Yes - Rolling conformity and no decoupling	Colo. Rev. Stat. §39-22-103(5.3)
Connecticut	Yes - Rolling conformity and no decoupling	Conn. Gen. Stat. §12-217j
Delaware	No - Rolling conformity and decoupling	Del. Code Ann. tit. 30, §1903
District of Columbia	No - Rolling conformity and decoupling	D.C. Code §47-1803.03(a)(1)(A)

State	Conformity to Section 174A as of 2025	Source
Florida	No - Static conformity as of January 1, 2025	Fla. Stat. §220.03(1)(n)
Georgia	Yes - Static conformity January 1, 2025 (including any provisions effective as of January 1, 2025)	Ga. Code Ann. §48-1-2(14)
Hawaii	No - Static conformity as of December 31, 2024 and no adoption	Haw. Rev. Stat. §235-2.3
Idaho	Yes - Static conformity 2024 and no decoupling	Idaho Code §63-3004
Illinois	Yes - Rolling conformity and no decoupling	35 ILCS 5/1501(a)(11)
Indiana	No - Static conformity January 1, 2023 and no adoption	Ind. Code §6-3-2-29
Iowa	Yes - Rolling Conformity and no decoupling	Iowa Code §422.3(5)(b)
Kansas	Yes - Rolling conformity and no decoupling	Kan. Stat. Ann. §79-32,109
Kentucky	Yes - Static conformity 2024 and no decoupling	Ky. Rev. Stat. Ann. §141.010(21)

State	Conformity to Section 174A as of 2025	Source
Louisiana	Yes - Rolling conformity and no decoupling	La. Rev. Stat. Ann. §47:287.701(A)
Maine	No - Static conformity December 31, 2023 and no adoption	Me. Rev. Stat. Ann. tit. 36, §111(1-A)
Maryland	No - Rolling conformity and decoupling	<p>Md. Code Ann. Tax-Gen. § 10-107</p> <p>Maryland Impacts of the One Big Beautiful Bill Act (PL 119-21), Effective January 6, 2026</p>
Massachusetts	Yes - Rolling conformity and no decoupling	Mass. Gen. L. ch. 63, §1
Michigan	No - Static conformity pre-174 changes. But taxpayer election can result in conformity post-changes	Mich. Comp. Laws §206.607(6)
Minnesota	Yes - Static conformity 2023 and no decoupling	Minn. Stat. §290.01(19)(f)
Mississippi	No - Static conformity and no adoption	Miss. Code §27-7-17(1)(f)(ii)1
Missouri	Yes - Rolling conformity and no decoupling	Mo. Rev. Stat. §143.091

State	Conformity to Section 174A as of 2025	Source
Montana	Yes - Rolling conformity and no decoupling	Mont. Code Ann. §15-31-113
Nebraska	No - Rolling conformity and decoupling	Neb. Rev. Stat. §77-27,242(3)(a)
Nevada	Not Applicable	
New Hampshire	Yes - Static conformity as of December 31, 2018 (post-TCJA)	N.H. Rev. Stat. Ann. §77-A:1(XX)(o)
New Jersey	No - Rolling conformity and decoupling	N.J.S.A. 54:10A-4(k)(11)
New Mexico	Yes - Rolling conformity and no decoupling	N.M. Stat. Ann. §7-2A-2(L)
New York	Yes - Rolling conformity and no decoupling	N.Y. Tax Law §208(9)
North Carolina	No - Static conformity 2023 and no adoption	N.C. Gen. Stat. §105-228.90(b)(7)
North Dakota	Yes - Rolling conformity and no decoupling	N.D. Cent. Code §57-38-01(13)
Ohio	Yes - Static conformity 2023 and no decoupling	Ohio Rev. Code Ann. §5701.11
Oklahoma	Yes - Rolling conformity and no decoupling	Okl. Stat. Ann. tit. 68, §2353(2)

State	Conformity to Section 174A as of 2025	Source
Oregon	Yes - Rolling Conformity and no decoupling	Or. Rev. Stat. §317.010(7) and Or. Rev. Stat. § 317.013
Pennsylvania	Yes - Rolling conformity and no decoupling	72 Pa. Stat. §7401(3)
Rhode Island	No - Rolling conformity and decoupling	R.I. Gen. Laws §44-11-11(a) / Rhode Island Advisory 2025-18
South Carolina	Yes - Static conformity 2023 and no decoupling	S.C. Code Ann. §12-6-40(A)(1)(a)
South Dakota	Not Applicable	
Tennessee	No - Rolling conformity and decoupling	Tenn. Code §67-4-2006(a)(11)
Texas	No - Static conformity 2007 (pre-174) and no adoption	Tex. Tax Code §171.0001(9)
Utah	Yes - Rolling conformity and no decoupling	Utah Code Ann. §59-7-101(22)
Vermont	No - Static conformity December 31, 2024 and no adoption	Vt. Stat. Ann. tit. 32, § 5824
Virginia	Yes - Rolling conformity and no decoupling	Va. Code Ann. §58.1-301(B)(11)
Washington	Not Applicable	

State	Conformity to Section 174A as of 2025	Source
West Virginia	No - Static conformity as of January 1, 2025 and no adoption	W. Va. Code §11-24-1
Wisconsin	No - Static conformity 2022 and decoupling	Wis. Stat. §71.22(4)(L); Wis. Dept. of Rev. Pub. 131 (Mar. 2025)
Wyoming	Not Applicable	