

MAPS

State Conformity With HR 1

State CIT conformity to the Code:

- IRC Conformity
- Section 174
- Section 168(k)
- Section 168(n)
- Section 163(j)
- Taxation of Foreign Source Dividends
- TY2026: Taxation of IRC 951A (NCTI/GILTI)
- GILTI and NCTI State Factor Representation
- Inclusion of GILTI in Tax Base (Pre-TY2026)



General IRC Conformity for State CITs

Arkansas: State only adopts certain provisions of IRC and IRC dates vary.

Maryland: Maryland automatically decouples from any federal law change that has a state revenue impact in excess of \$5 million for the year of IRC enactment and prior years.

Massachusetts: Amendments to the IRC will not apply to any taxable year in which enacted. The exception is amendments that have a revenue impact of less than \$20 million based on a rolling 3-year average. H.5470 (Laws 2026).

Michigan: Taxpayers can use the IRC as of 1/1/25 or elect to use the IRC in effect for the tax year (H.B. 4961 (2025)).

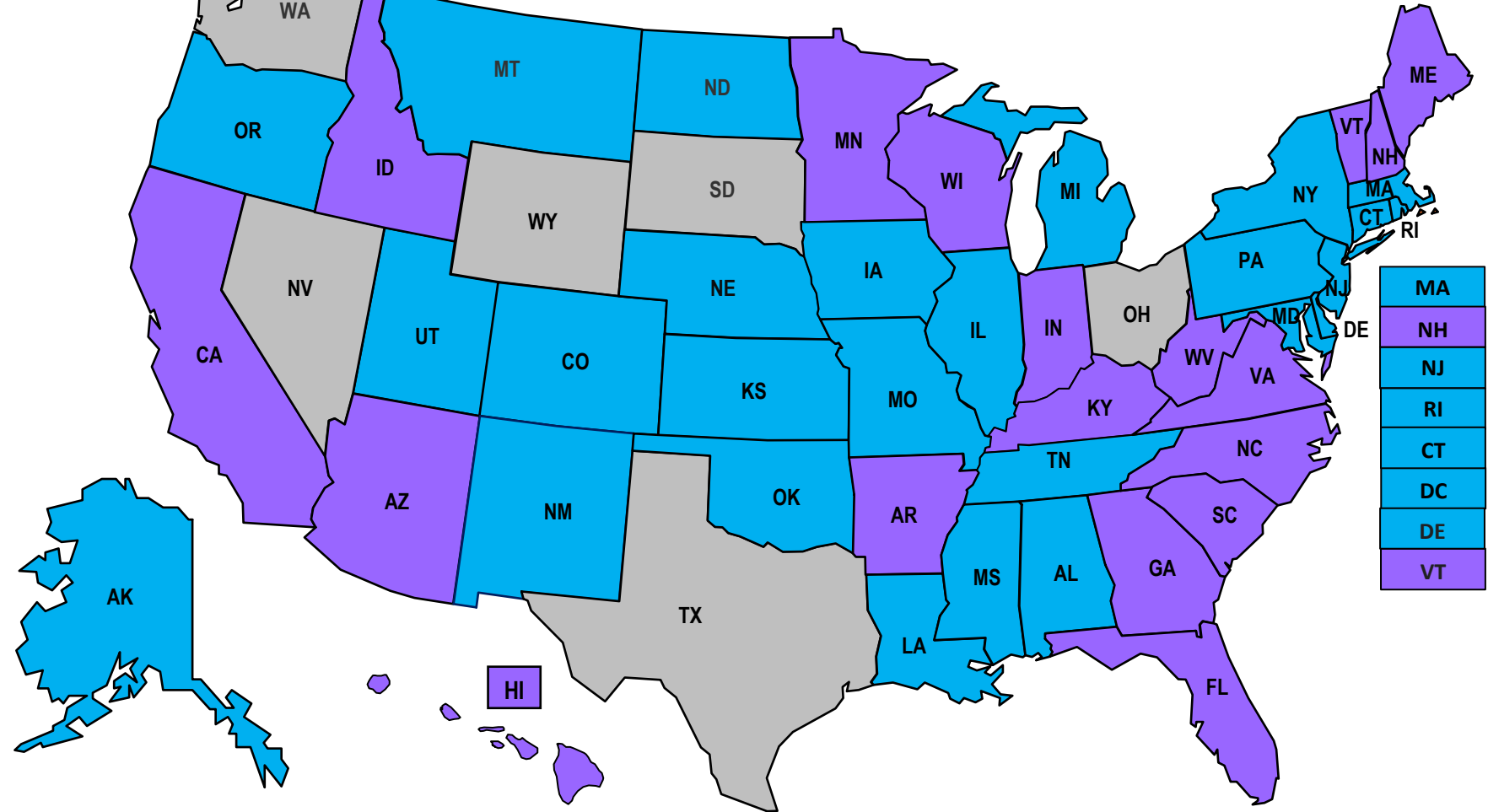
Oregon: Static conformity for items not related to the computation of taxable income.

Pennsylvania: Status of rolling conformity currently subject to litigation.

Rhode Island: Rhode Island DOR has promulgated rules to preserve tax base, e.g., ADV 2025-18. See 280-RICR-20-25-17.

Virginia: Virginia is a static conformity state because it halted its rolling conformity status until 2027. During the 2026 General Assembly Session, the 2026 Amendments to the 2025 Appropriation Act replaced Virginia's rolling conformity to the IRC with a fixed conformity date of December 31, 2025.

- Rolling Conformity
- Static Conformity
- No Corporate Income Tax



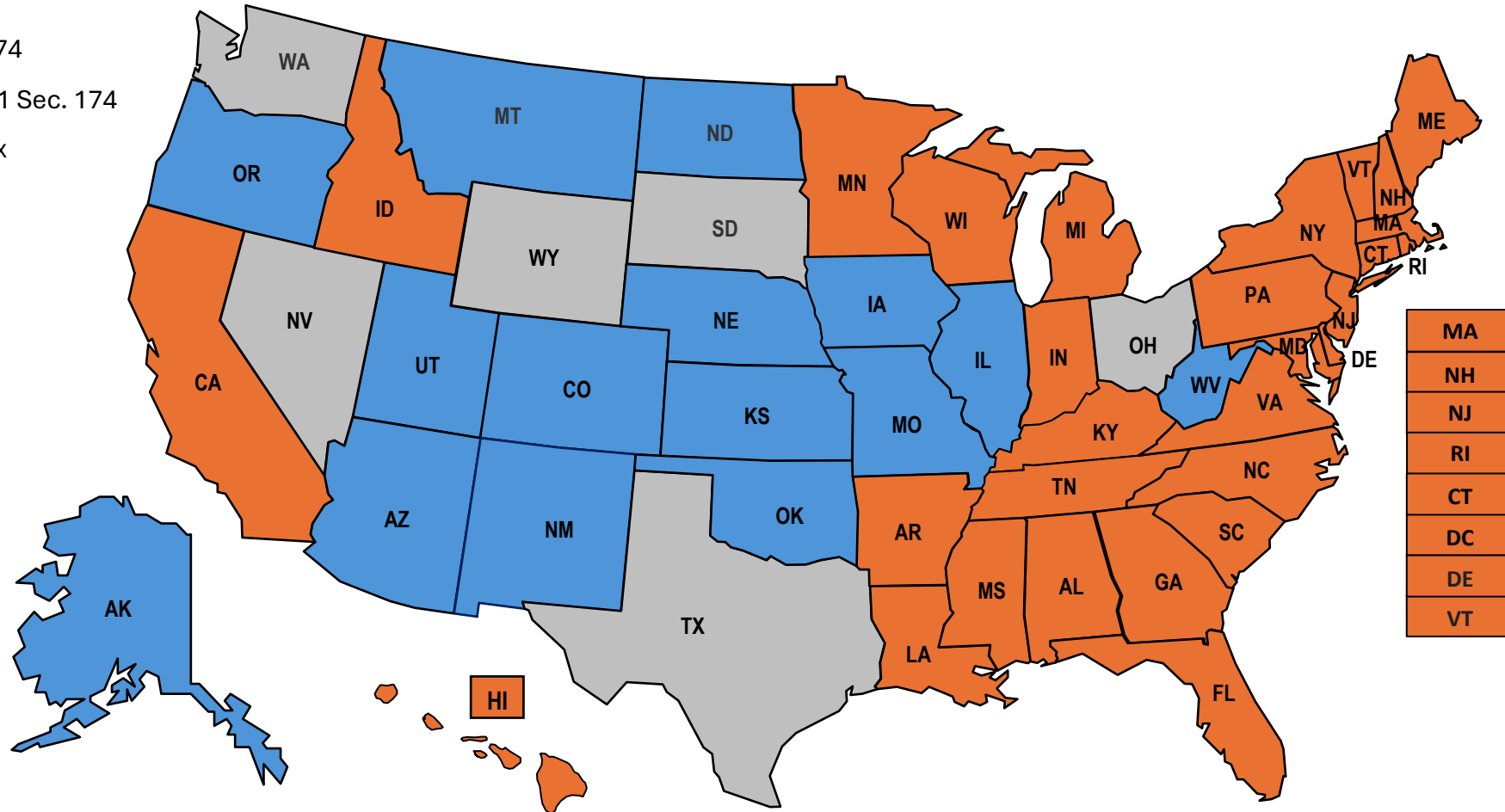
Disclaimer: This map generally groups the state CITs as either a rolling or static conformity state; however, many states have nuances on how they couple with certain IRC provisions. This map does not constitute legal advice, and the information should be used for general guidance and not relied upon for compliance.

Source: Council On State Taxation (COST) – As of September 10, 2026

State Conformity with HR 1 – Sec. 174*

(Research & Experimental Expenditures)

- Conforms to HR 1 Sec. 174
- Does not conform to HR 1 Sec. 174
- No Corporate Income Tax



* This map incorporated IRC Section 174A

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Source: Council On State Taxation (COST) – As of September 10, 2026

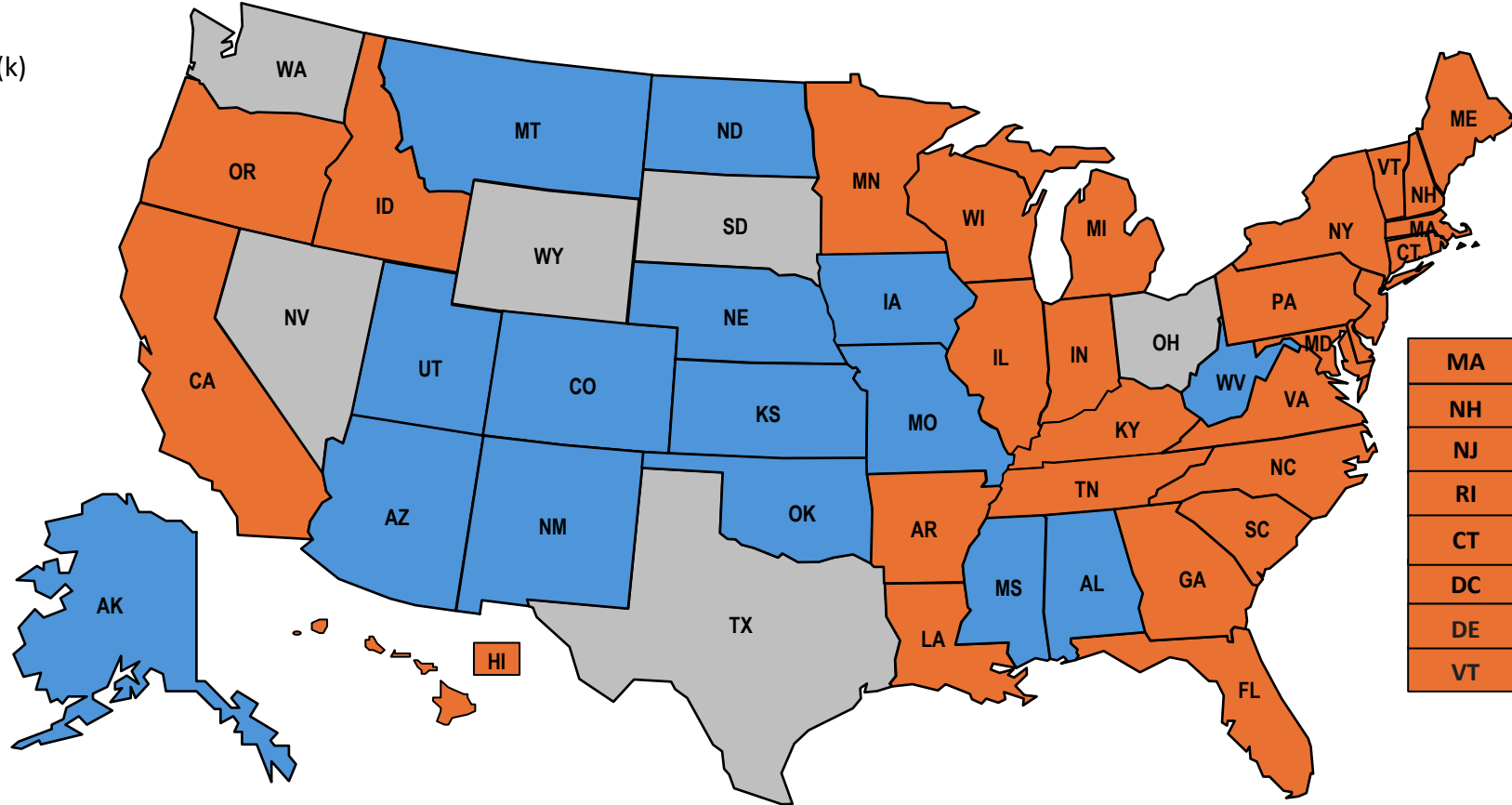
State Conformity with HR 1 – Sec. 168(k)

(100% Equipment Bonus Depreciation)

- Conforms to HR 1 Sec. 168(k)
- Does not conform to HR 1 Sec. 168(k)
- No Corporate Income Tax

Alaska: Decouples from IRC Section 168(k) and 168(n) for oil and gas companies.

New Mexico: Will decouple effective 1/1/2027 (SB 151 (2026)).



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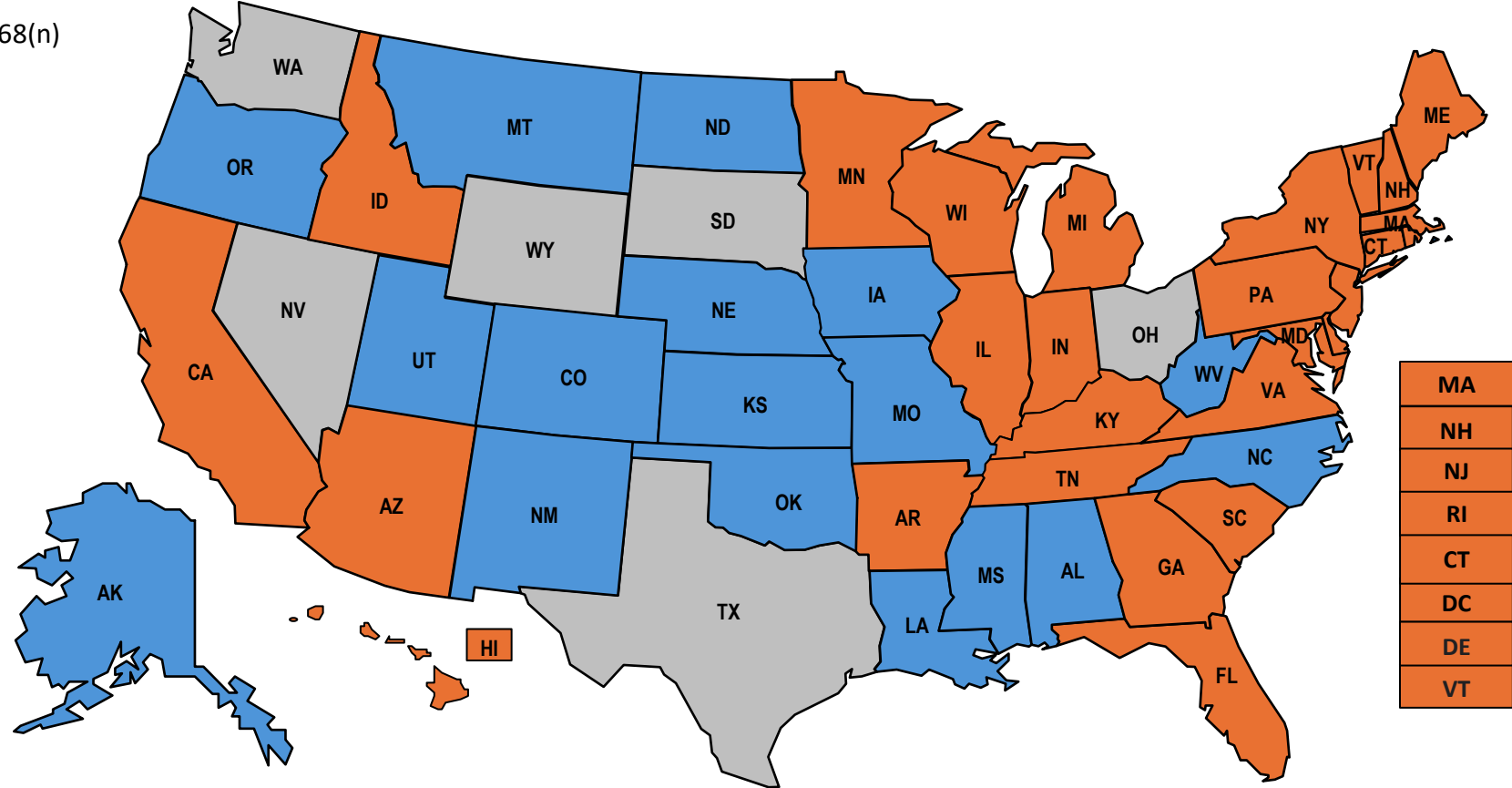
State Conformity with HR 1 – Sec. 168(n)

(Production/Factory Expensing)

- Conforms to HR 1 Sec. 168(n)
- Does not conform to HR 1 Sec. 168(n)
- No Corporate Income Tax

Alaska: Decouples from IRC Section 168(k) and 168(n) for oil and gas companies.

New Mexico: Will decouple effective 1/1/2027 (SB 151 (2026)).

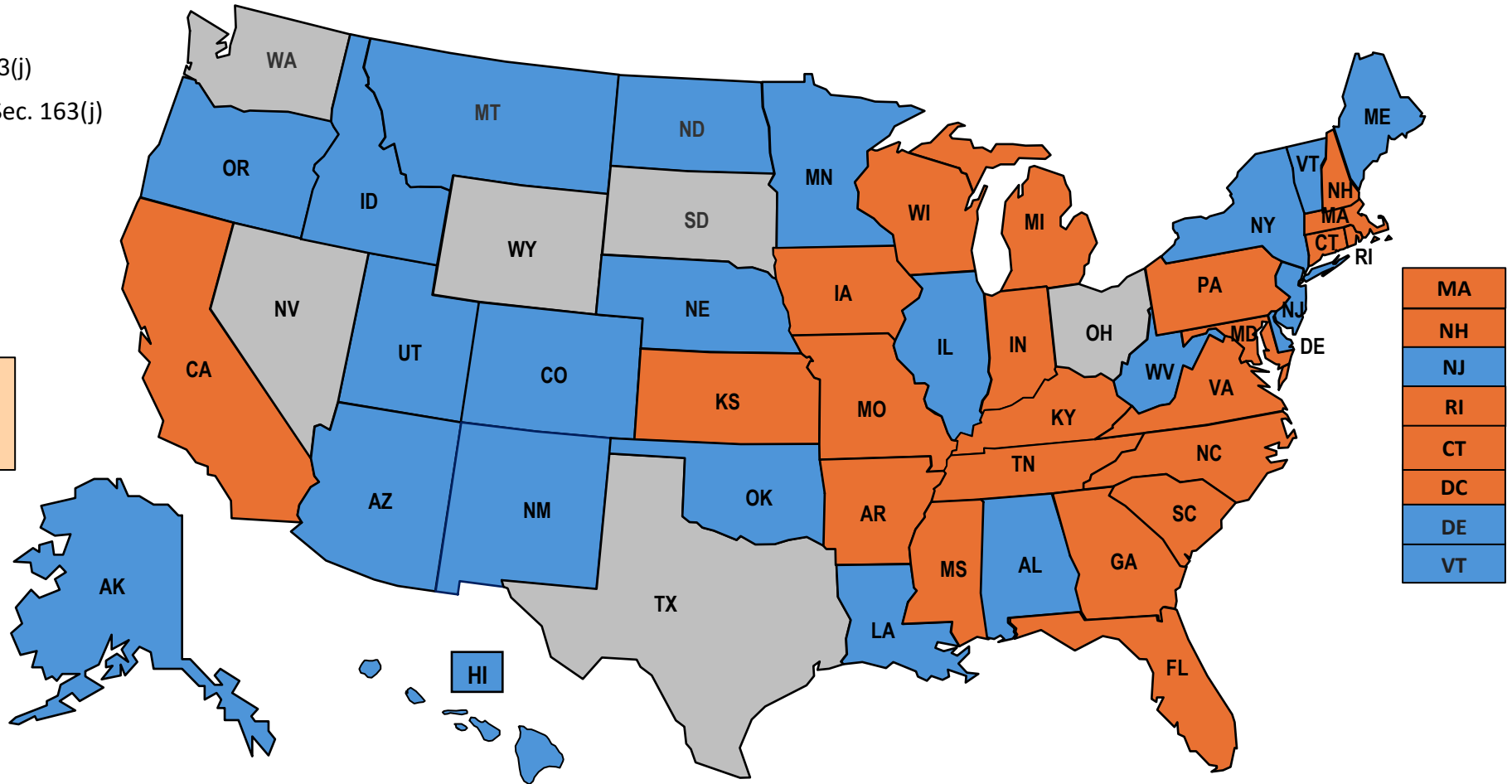


State Conformity with HR 1 – Sec. 163(j)

(Interest Expense Limitations)

- Conforms to HR 1 Sec. 163(j)
- Does not conform to HR 1 Sec. 163(j)
- No Corporate Income Tax

New Mexico: Will decouple effective 1/1/2027 (SB 151 (2026)).



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Source: Council On State Taxation (COST) – As of September 10, 2026

Taxation of Foreign Source Dividends

- Taxes more than 20 percent of foreign source dividends
- Taxes 20 percent or less of foreign source dividends
- State does not tax foreign source dividends
- No corporate income tax

Alaska: 80% exclusion for water's-edge filers.

California: 75% exclusion for water's-edge filers.

Connecticut: 95% exclusion.

Idaho: 85% exclusion for water's-edge filers.

Maine: 50% exclusion.

Massachusetts: 95% exclusion.

Minnesota: 50% exclusion.

Montana: 80% exclusion.

New Hampshire: taxes 100% of foreign source dividends.

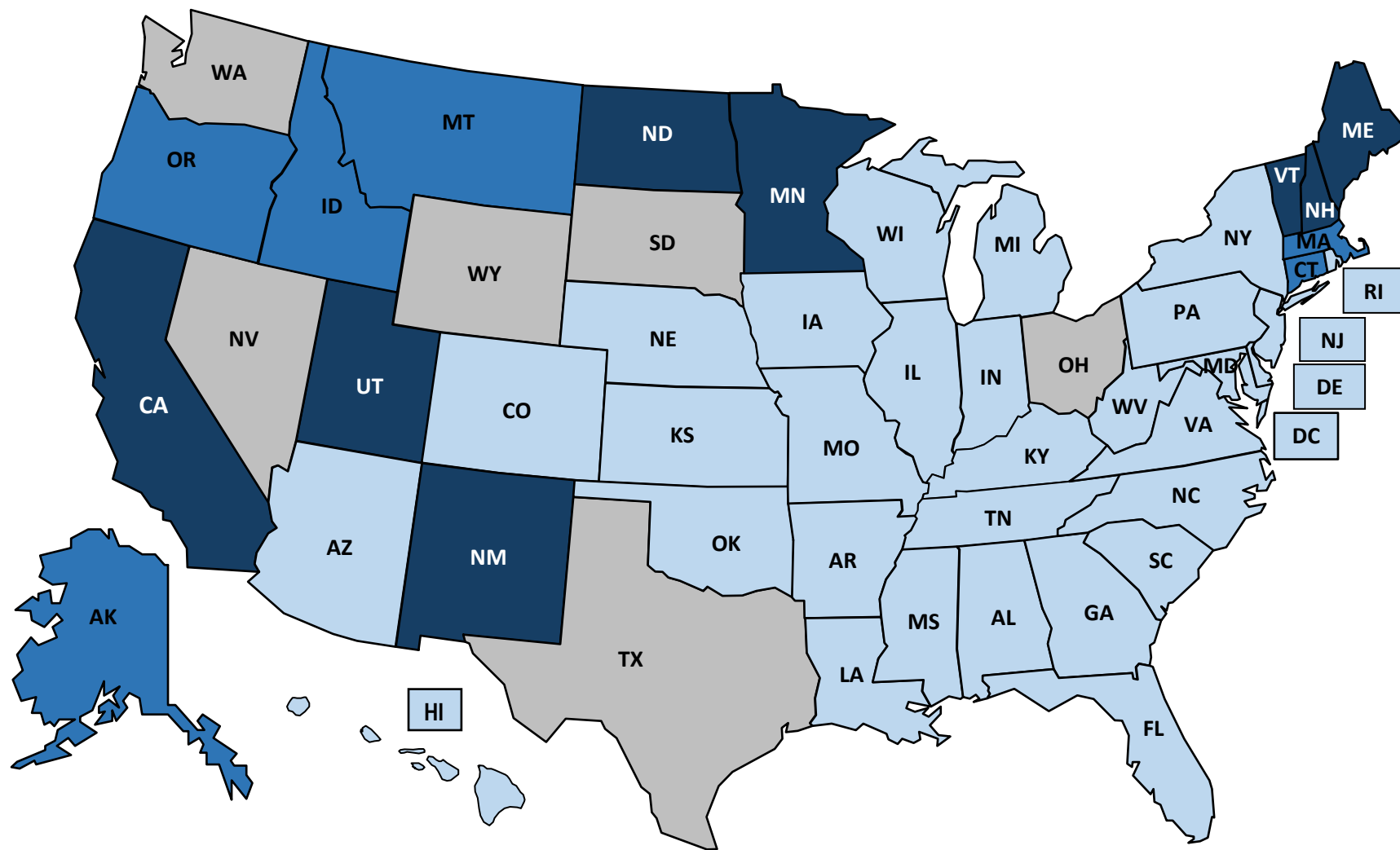
New Mexico: New Mexico allows a deduction under IRC §245A. Effective 1/2025 taxes Subpart F income.

North Dakota: 70% exclusion if a water's-edge filer.

Oregon: 80% exclusion.

Utah: 50% exclusion if a water's-edge filer.

Vermont: taxes 100% of foreign source dividends.



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Source: Council On State Taxation (COST). As of September 10, 2026.

TY2026: Taxation of IRC 951A (NCTI/GILTI)

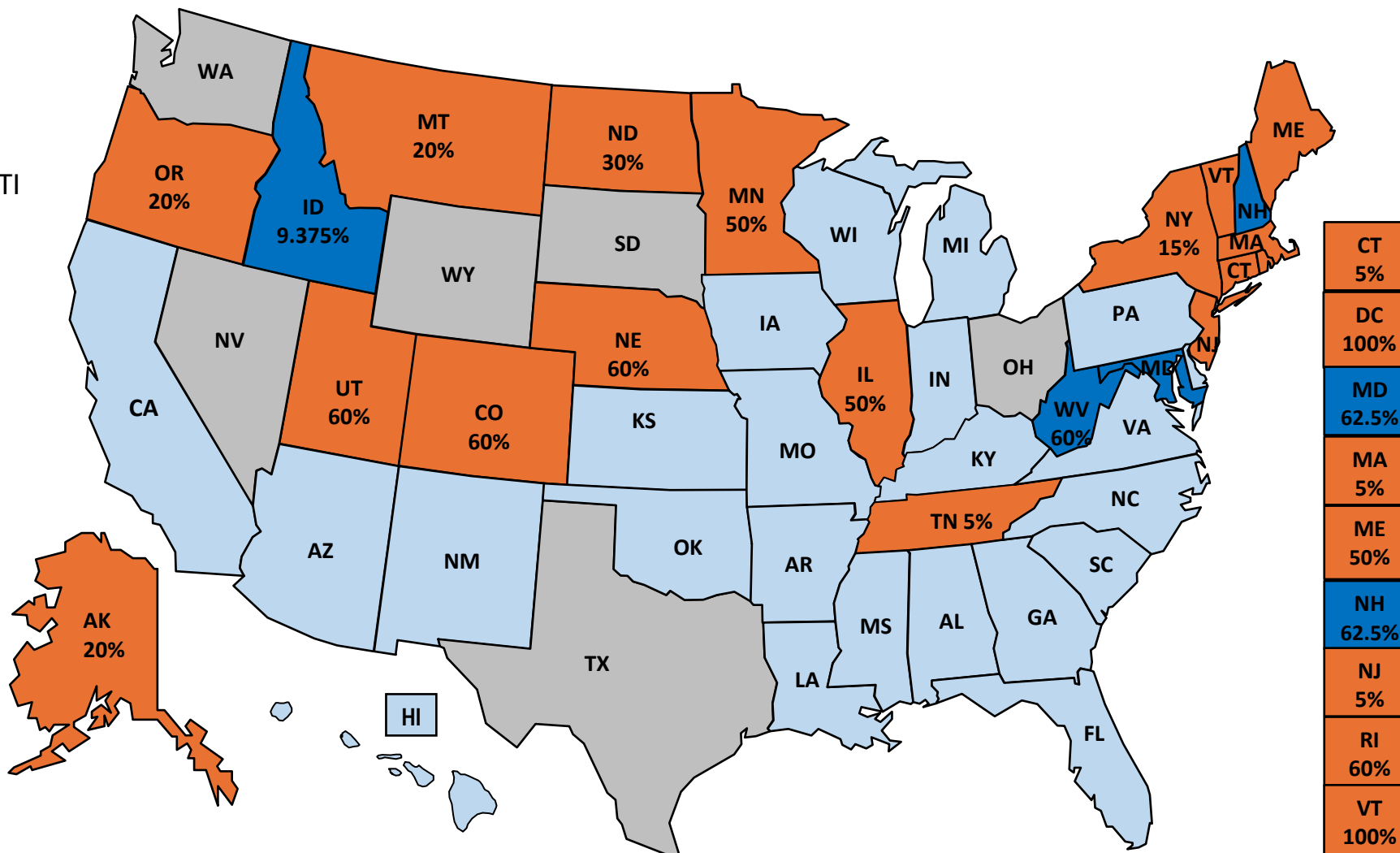
- State taxes GILTI
- State taxes NCTI
- State does not tax NCTI/GILTI
- No corporate income tax

Colorado: No, if the §951A income is derived from a listed tax haven country (such income is included in tax base). Includes 60% of NCTI after deduction for foreign taxes paid.

Minnesota: For tax years after 12/31/2025, there is a deduction for QBAI and decouples from the CFC look-through provisions.

Montana: Includes 20% of NCTI if a water's-edge filer.

New Mexico: Taxes 100% of NCTI January 1, 2027. SB 151.



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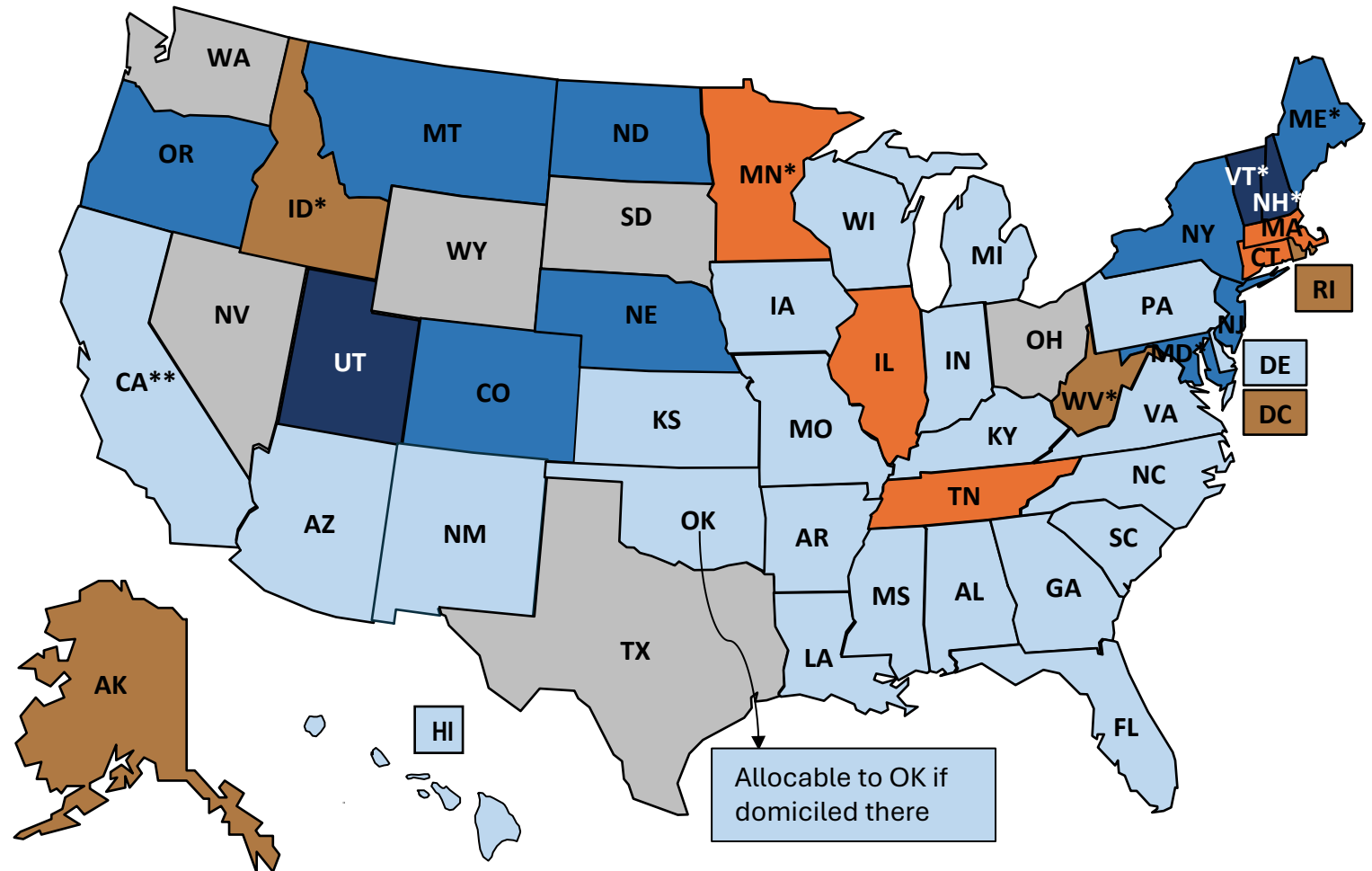
Source: Council On State Taxation (COST). As of September 10, 2026

GILTI and NCTI State Factor Representation

- Currently does not include GILTI or NCTI in the corporate income tax base
- Sales factor denominator includes net GILTI and/or net NCTI
- Foreign factors (including foreign gross receipts) relating to taxable income allowed in denominator(s)
- No foreign factor representation
 - CT taxes 5% of §951A
 - IL taxes 50% of §951A
 - MA taxes 5% of §951A
 - MN taxes 50% of §951A
 - TN taxes 5% of §951A
- No apportionment guidance
- No corporate income tax

*ID, ME, MN, MD, NH, VT, and WV all include GILTI, not NCTI in the CIT base.

**California taxes 25% of dividends and uses net dividends as apportionment.



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Source: Council On State Taxation (COST): September 10, 2026

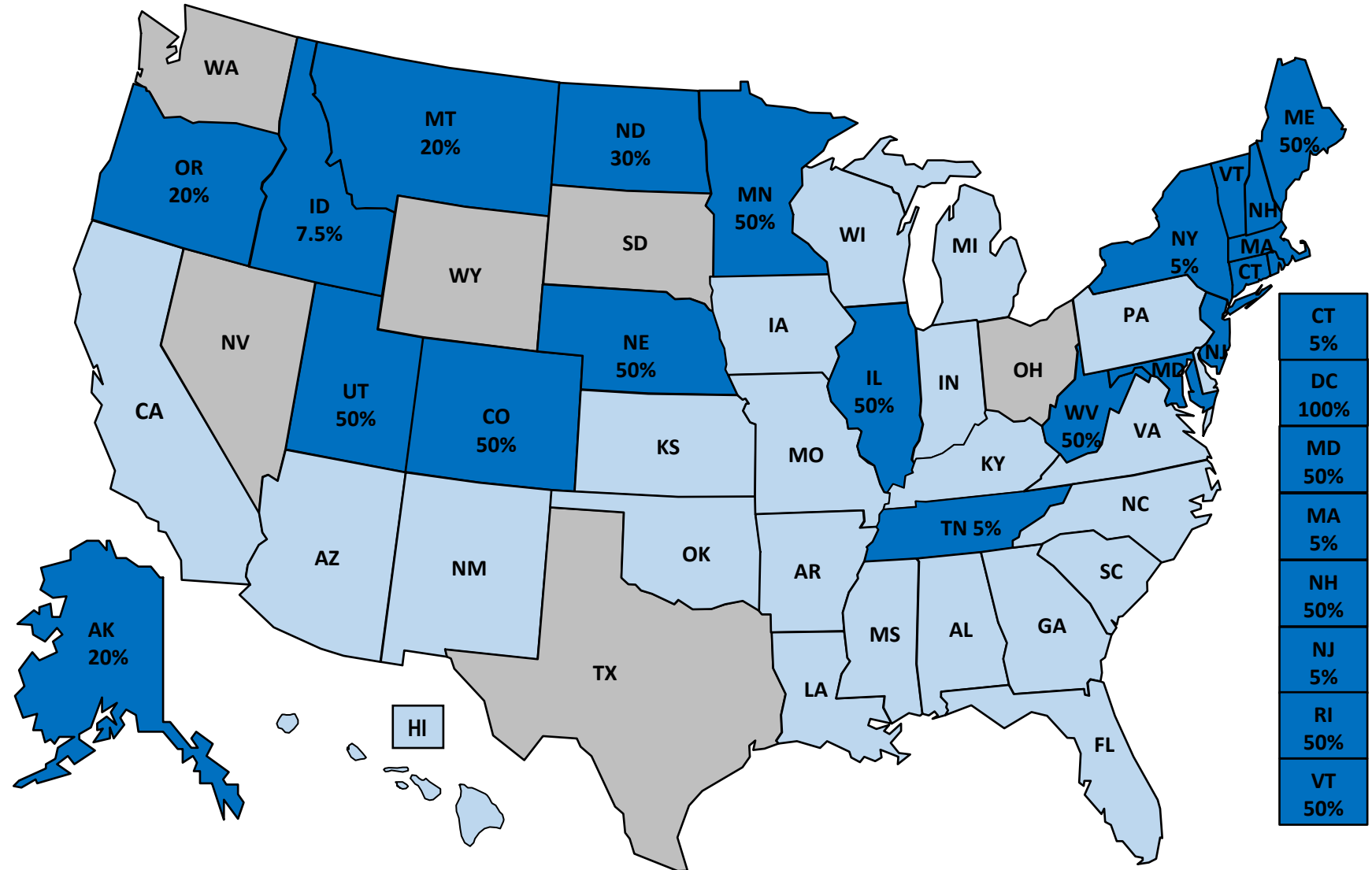
Inclusion of GILTI in Tax Base (Pre-TY2026)

- State taxes GILTI
- State does not tax GILTI
- No corporate income tax

Colorado: No, if the §951A income is derived from a listed tax haven country (such income is included in tax base). Includes 50% after deduction for foreign taxes paid.

Idaho: Includes 7.5% if a water's-edge taxpayer.

Montana: Includes 20% if a water's-edge filer.



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Source: Council On State Taxation (COST). As September 10, 2026