

State Conformity with the OBBBA – Sec. 163(j)
Interest Expenses Limitation
As of October 31, 2025*

State	Status	Statutory Cites/Supporting Documentation
Alabama	Rolling Conformity	Ala. Code § 40-18-15(a)(2); Ala. Admin. Code r. 810-3-15-.03; Alabama Analysis of Federal Tax Law Revisions on the State of Alabama (July 30, 2018)
Alaska	Rolling Conformity	§43.20.020(a)
Arizona¹	Static Conformity	ARS §42-1001(8) and §42-105(A)
Arkansas²	Static Conformity	Ark. Code Ann. § 26-51-415
California³	Static Conformity	Cal. Rev. & Tax. Code § 17024.5; Cal. Rev. & Tax. Code § 23051.5
Colorado	Rolling Conformity	CRS §39-22-103(5.3)
Connecticut⁴	Decoupled	Conn. Gen. Stat. § 12-217(a)(6)
Delaware	Rolling Conformity	Del. Code Ann. 30 § 1903(a)

¹Arizona conforms to §163(j) as of 1/1/2025.

² Arkansas conforms to. § 163 as was in effect on 1/1/2017.

³ California conforms to the IRC in effect on 1/1/2025.

⁴ Connecticut adopts §163(j) as it was in effect prior to TCJA.

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District of Columbia	Rolling Conformity	D.C. Code Ann. § 47-1803.03(a)(2)
Florida	Static Conformity	Fla. Stat. § 220.03(1)(n); Fla. Stat. § 220.13(e)(4), as amended by 2021 Fla. H.B. 7059, effective retroactively for taxable years beginning after Dec. 31, 2018, and before Jan. 1, 2021; Florida Tax Information Publication 21C01-01R (revised Aug. 13, 2021); Florida Tax Information Publication 19C01-01 (July 31, 2019)
Georgia⁵	Decoupled	Ga. Code Ann. § 48-1-2(14); Ga. Code Ann. § 48-7-21(a); Georgia Dept. of Rev., Income Tax Federal Tax Changes (last visited May 30, 2023)
Hawaii	Static Conformity	HRS §235-2.3(a)
Idaho⁶	Static Conformity	Idaho Code §63-3004
Illinois	Rolling Conformity	. 35 ILCS 5/1501(a)(11).

⁵ Georgia allows a deduction for interest but follows I.R.C. § 163(j) prior to amendment by the 2017 tax act (Pub. L. No. 115-97) and the CARES Act.

⁶ Idaho conforms to §163(j) as of 1/1/2025.

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Indiana⁷	Decoupled.	. Ind. Code Ann. § 6-3-1-3.5(b)(15). Tax Bulletin 116 (July 2018)
Iowa⁸	Rolling Conformity Decoupled	Iowa Code Ann. § 422.35(11); Iowa Admin. Code r. 701-502.29(4)..
Kansas⁹	Rolling Conformity Decoupled	Kan. Stat. Ann. § 79-32,138(a), (b)(i); Kan. Stat. Ann. § 79-32,117(b)(xxvii), as amended by 2024 Kan. S.B. 410, effective for tax years beginning after Dec. 31, 2020
Kentucky	Static Conformity	Ky. Rev. Stat. Ann. § 141.010(21); Ky. Rev. Stat. Ann. § 141.039
Louisiana	Rolling Conformity	La. Rev. Stat. Ann. § 47:287.65; La. Rev. Stat. Ann. § 47:287.701(A); La. Rev. Stat. Ann. § 47:54; La. Rev. Stat. Ann. § 47:62 La. Rev. Stat. Ann. § 47:75
Maine	Static Conformity	Me. Rev. Stat. Ann. 36 § 111(1-A)
Maryland¹⁰	Static Conformity	Md. Code Ann. Tax-Gen. § 10-304(1)
Massachusetts	Rolling Conformity	Mass. Gen. L. Chapter 63 § 30(3)

⁷ Indiana adopts §163(j) as it was in effect prior to TCJA.

⁸ Iowa decouples from IRC §163(j) for tax years on or after January 1, 2020

⁹ Kansas decouples from IRC §163(j) on or after January 1, 2021

¹⁰ Maryland automatically decouples from any federal law change that has a state revenue impact in excess of \$5 million.

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Michigan¹¹	Rolling Conformity Decoupled	Mich. Comp. Laws § 206.607(6)
Minnesota¹²	Static Conformity	Minn. Stat. § 290.01(31); and; Minn. Stat. § 290.0133(15),
Mississippi¹³	Decoupled	Miss. Code Ann. § 27-7-5; Miss. Code Ann. § 27-7-23(c); Miss. Code Ann. § 27-7-17(1)(b); Miss. Regs. § 35.III.01.01.100,
Missouri¹⁴	Decoupled	Mo. Rev. Stat. § 143.431; Mo. Rev. Stat. § 143.121(2)(6), (3)(11)
Montana	Rolling Conformity	§15.31.113
Nebraska	Rolling Conformity	Neb. Rev. Stat. § 77-2714; Nebraska Dept. of Rev., Effects of the Coronavirus Aid, Relief, and Economic Security Act on the State of Nebraska's Tax Revenue.
Nevada	No Corporate Income Tax	

¹¹ Michigan conforms to the IRC as of January 1, 2025. HB4961 signed into law on October 7, decouples Michigan from IRC §163(j).

¹²Minnesota conforms to §163(j) as in effect May1, 2023.

¹³Mississippi allows a deduction for an unlimited amount of business interest expense and does not conform to amendments made by the 2017 tax act to I.R.C. § 163(j).

¹⁴ Missouri requires taxpayers to add interest expense deducted as a carryforward due to the limitation under I.R.C. § 163(j) but allows a subtraction equal to I.R.C. § 163 interest expense deduction as if I.R.C. § 163(j) had not been enacted.

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New Hampshire¹⁵	Static Conformity	N.H. Rev. Stat. Ann. § 77-A:4.XX
New Jersey	Rolling Conformity	N.J. Rev. Stat. § 54:10A-4(k)(2)(K) and Taxation Technical Bulletin No. TB-87(R), 05/11/2021
New Mexico	Rolling Conformity	§7-2A-2(L)
New York	Rolling Conformity	N.Y. Tax Law § 208(9)
North Carolina¹⁶	Static Conformity	N.C. Gen. Stat. § 105-130.5(a)(22), (a)(31); North Carolina Important Notice: North Carolina's Reference to the Internal Revenue Code Updated – Impact on North Carolina Corporate and Individual Income Tax Returns (July 20, 2020)
North Dakota	Rolling Conformity	N.D. Cent. Code § 57-38-01(13); N.D. Cent. Code § 57-38-01.1.
Ohio	No Corporate Income Tax	
Oklahoma	Rolling Conformity	Okla. Stat. Ann. tit. 68, § 2353(2); Okla. Stat. Ann. tit. 68, § 2358(A)(5); Okla. Admin. Code § 710:50-17-50.

¹⁵ New Hampshire decoupled beginning 1/1/24. Statute authorizes previously disallowed interest expense to be allowed as a deduction in 3 equal parts.

¹⁶ North Carolina conforms to §163(j) as in effect 1/1/2020.

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Oregon	Rolling Conformity	§317.018 and Reg. 1150.317.090
Pennsylvania	Rolling Conformity	Pa. Stat. Ann. 72 § 7401(3)(1)(a)
Rhode Island¹⁷	Rolling Conformity	R.I. Gen. Laws § 44-11-11
South Carolina¹⁸	Decoupled	S.C. Code Ann. § 12-6-40(A)(1)(a); S.C. Code Ann. § 12-6-50(5B); S.C. Code Ann. § 12-6-1130(10); S.C. Code Ann. § 12-6-560; S.C. Code Ann. § 12-6-1120(1); South Carolina Revenue Ruling No. 21-2 (Jan. 26, 2021); Information Letter IL-18-15 (October 16, 2018)
South Dakota	No Corporate Income Tax	----
Tennessee¹⁹	Decoupled	Tenn. Code Ann. § 67-4-2006; Tenn. Code Ann. § 67-4-2006(a)(10); Tennessee Notice No. 20-16 (August 2020)
Texas²⁰	No Corporate Income Tax	

¹⁷ For taxable years on or before 1/1/25, the DOR may promulgate emergency rules to preserve the RI tax base. Rhode Island Department of Revenue, [Summary of Legislative Changes](#) (July 18, 2025).

¹⁸ South Carolina adopts IRC §163(j) pre-TCJA

¹⁹ For taxable years beginning on or after Jan. 1, 2020, Tennessee conforms to I.R.C. § 163(j) as was in effect on Dec. 20, 2017 – Pre TCJA.

²⁰ Tex. Tax Code Ann. § 171.1012(e)(9). With exception, Texas does not include interest in the cost of goods sold deduction when computing taxable margin under the Texas Franchise Tax.

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Utah	Rolling Conformity	§59-7-101(22)
Vermont²¹	Static Conformity	Vt. Stat. Ann. tit. 32, § 5824
Virginia²²	Static Conformity	Va. Code Ann. § 58.1-301(B)(3),; Va. Code Ann. § 58.1-402(B)(9); Va. Code Ann. § 58.1-402(G), as Virginia Tax Bulletin VTB 21-4 (March 15, 2021); Virginia Guidelines Regarding the Business Interest Limitation (Dec. 26, 2019)
Washington	No Corporate Income Tax	
West Virginia	Static Conformity	W. Va. Code § 11-24-3; W. Va. Code R. tit. 110, § 110-24-3.1
Wisconsin²³	Decoupled.	<u>.Wis. Stat. § 71.22(4),</u>
Wyoming	No Corporate Income Tax	

***Guide to Chart:**

²¹ Vermont conforms to the version of the I.R.C. that existed on Dec. 31, 2024.

²² The 2025 Appropriations Act suspended rolling conformity for any provision enacted in 2025 or 2026 regardless of the revenue impact. Virginia follows the federal income tax treatment of interest expenses, including the net business interest deduction limitation of 30% of adjusted taxable income under I.R.C. § 163(j). However, Virginia also allows a separate deduction equal to 30% of the federal business interest deduction disallowed under I.R.C. § 163(j) for taxable years beginning on or after Jan. 1, 2022, but before Jan. 1, 2024, and 50% of the federal business interest deduction disallowed under I.R.C. § 163(j) for taxable years beginning on or after Jan. 1, 2024.

²³ Wisconsin adopts IRC§163(j) pre-TCJA.

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- Rolling Conformity – Adopts current version of IRC §163(j).
- Rolling Conformity Decoupled – Does not adopt the current version of §163(j)
- Static Conformity - Adopts the version of IRC §163(j) effective on the conformity date.
- Decoupled – The state never adopted TCJA §163(j)
- No Corporate Income Tax – Does not impose a tax on net income.

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