

**State Conformity with HR1 Section 174 – Research and Experimentation Expenses
As of December 31, 2025**

State	Status	Statutory Cites/Supporting Documentation
Alabama¹	Rolling Conformity Decoupled	Ala. Code § 40-18-1.1; Ala. Code § 40-18-33; and Alabama Analysis of Federal Tax Law Revisions on the State of Alabama (July 30, 2018).
Alaska	Rolling Conformity	§43.20. 021(a)
Arizona²	Static Conformity	§42-1001(8)
Arkansas³	Static Conformity	Ark. Code Ann. § 26-51-461,
California⁴	Static Conformity	Rev. & Tax Code §§23051.5 and 24365
Colorado	Rolling Conformity	CRS §39-22-103
Connecticut	Rolling Conformity	Conn. Gen. Stat. § 12-213(a)(23)

¹ For tax years beginning on or after Jan. 1, 2024, Alabama decouples from the federal treatment of research and experimental expenditures. Taxpayers are allowed to deduct research and experimental expenditures or treat the expenditures as deferred expenses in conformity with I.R.C. § 174, as it existed in 2021.

² IRC §174 as it was in effect on 1/1/2025,

³ Arkansas follows the federal treatment of research and experimental expenditures under I.R.C. § 174 as was in effect on Jan. 1, 2019.

⁴ California conforms to the IRC as of January 1, 2025

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Delaware	Rolling Conformity Decoupled	Del. Code Ann. 30 § 1901(10)
District of Columbia	Rolling Conformity Decoupled	D.C. Code Ann. § 47-1801.04(28)
Florida⁵	Static Conformity	Fla. Stat. § 220.13
Georgia⁶	Static Conformity Decoupled	Ga. Code Ann. § 48-1-2(14).
Hawaii⁷	Static Conformity	HRS §235-1.3(a) and (b)
Idaho⁸	Static Conformity	Idaho Code §63-3004
Illinois	Rolling Conformity	35 ILCS 5/203(b)(1) and 35 ILCS 5/1501(a)(11).

⁵ Adopts IRC §174 as of 1/1/2025

⁶ For tax years beginning on or after Jan. 1, 2022, Georgia follows the federal treatment of expenditures under I.R.C. § 174 as it existed prior to the enactment of the 2017 tax act.

⁷ Adopts §174 as in effect 1/1/2025

⁸ Adopts §174 as in effect 1/1/2025

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Indiana ⁹	Static Conformity Decoupled	Ind. Code Ann. § 6-3-1-11,
Iowa	Rolling Conformity	Iowa Code Ann. § 422.3(5); Iowa Code Ann. § 422.32(1)(h); and Iowa Code Ann. § 422.35.
Kansas	Rolling Conformity	Kan. Stat. Ann. § 79-32,109(a)(1); Kan. Stat. Ann. § 79-32,138(a).
Kentucky ¹⁰	Static Conformity	Ky. Rev. Stat. Ann. § 141.010(19); Ky. Rev. Stat. Ann. § 141.010(21).
Louisiana ¹¹	Rolling Conformity Decoupled	La. Rev. Stat. Ann. § 47:287.65; La. Rev. Stat. Ann. § 47:287.701(A); La. Rev. Stat. Ann. § 47:287.743; La. Rev. Stat. Ann. § 47:287.744; CITN LA 5.3.4.4.
Maine ¹²	Static Conformity	Me. Rev. Stat. Ann. 36 § 111(1-A)

⁹ Indiana requires a modification for any deduction taken under I.R.C. § 174. effective for taxable years beginning on or after Jan. 1, 2023.

¹⁰ Adopts §174 as of 12/31/2024.

¹¹ Effective for tax years beginning on or after 1/1/2025 a taxpayer may deduct research and development expense incurred in the year. Any amortization claimed cannot be duplicative of that claimed for federal tax purposes.

¹² Adopts IRC §174 as of 12/31/2024.

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Maryland ¹³	Static Conformity - Decoupled	Md. Code Ann. Tax-Gen. § 10-304 Md. Code Ann. Tax-Gen § 10-108.
Massachusetts	Rolling Conformity	Mass. Gen. L. Chapter 63 § 1
Michigan ¹⁴	Rolling Conformity Decoupled	Mich. Comp. Laws §§ 206.603(2); 206.607(6); 206.623(2).
Minnesota ¹⁵	Static Conformity	Minn. Stat. § 290.01(19),
Mississippi ¹⁶	Rolling Conformity Decoupled	Miss. Code Ann. § 27-7- 17(1)(f)(ii)(1), and Miss. Regs. § 35- III-5-08-100.
Missouri	Rolling Conformity	Mo. Rev. Stat. § 143.121(2)
Montana	Rolling Conformity	§15.31.113

¹³If the revenue impact to the state is \$5 million or more, the state will automatically decouple from 174. See Md. Code Ann. Tax-Gen § 10-108.

¹⁴ Michigan conforms to the IRC as of January 1, 2025. Michigan with the enactment of HB 4961 decouples from §174.

¹⁵ Minnesota adopts the IRC as of 5/1/2023.

¹⁶Effective January 1, 2025, Mississippi allows a taxpayer to elect either a full and immediate deduction for research and experimental expenditures or to depreciate expenditures in conformity with I.R.C. § 174.

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Nebraska	Rolling Conformity	. Neb. Rev. Stat. § 77-2714; Neb. Rev. Stat. § 77-2716.
Nevada	No Corporate Income Tax	
New Hampshire¹⁷	Static Conformity	N.H. Rev. Stat. Ann. Chapter 158 § 77-A:1, XX(m)
New Jersey¹⁸	Rolling Conformity Decoupled	N.J. Rev. Stat. § 54:10A-4(k)(11) and Technical Bulletin TB-114
New Mexico	Rolling Conformity	§7-2A-2(C) and (L)
New York	Rolling Conformity	N.Y. Tax Law § 208(9)
North Carolina¹⁹	Static Conformity	N.C. Gen. Stat. § 105-228.90(b)(7),
North Dakota	Rolling Conformity	. N.D. Cent. Code § 57-38-01(5), (13); N.D. Cent. Code § 57-38-01.3(1).
Ohio	No Corporate Income Tax	

¹⁷ Adopts IRC §174 as in effect 12/31/2018.

¹⁸ For tax years on or after 1/1/2022 New Jersey allows a deduction for R&E expense.

¹⁹ Adopts IRC §174 as in effect 1/1/2023.

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Oklahoma	Rolling Conformity	Okla. Stat. Ann. tit. 68, § 2353(3); Okla. Stat. Ann. tit. 68, § 2358.
Oregon	Rolling Conformity	ORS §317.013
Pennsylvania	Rolling Conformity Decoupled	Pa. Stat. Ann. 72 § 7401(3)(1)(a)
Rhode Island²⁰	Rolling Conformity Decoupled	R.I. Gen. Laws § 44-11-11(a)
South Carolina²¹	Static Conformity	S.C. Code Ann. § 12-6-40(A)(1)(a).
South Dakota	No Corporate Income Tax	
Tennessee²²	Rolling Conformity Decoupled	Tenn. Code Ann. § 67-4- 2006(a)(11),
Texas²³	No Corporate Income Tax	

²⁰For 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).

²¹ Adopts IRC §174 as in effect 12/31/2024.

²²For tax years beginning on or after Jan. 1, 2022, Tennessee follows the federal treatment of expenditures under I.R.C. § 174 as it existed immediately before the enactment of the Tax Cuts and Jobs Act of 2017.

²³ Texas follows the federal treatment of research and experimental expenditures when calculating cost of goods sold. If the cost of goods sold method is used, a deduction of research and experimental expenditures may be permitted. Tex. Tax Code Ann. § 171.1012(c)(9); Tex. Tax Code Ann. § 171.1012(h).

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Utah	Rolling Conformity	§59-7-101(22)
Vermont²⁴	Static Conformity	Vt. Stat. Ann. tit. 32, § 5811(18)
Virginia²⁵	Static Conformity	Va. Code Ann. § 58.1-301,
Washington	No Corporate Income Tax	
West Virginia²⁶	Static Conformity	W. Va. Code §§ 11-13R-4, 6; W. Va. Code § 11-24-3(a).
Wisconsin	Static Conformity Decoupled.	Wisconsin requires a modification for research and development expenses under I.R.C. § 174 which can be calculated in three ways. Wisconsin Publication 220.
Wyoming	No Corporate Income Tax	

²⁴ Adopts IRC §174 as in effect 12/31/2024.

²⁵ The 2025 Appropriations Act suspended rolling conformity for any provisions enacted in 2025 or 2026. Previously, the tax For taxable years beginning on or after January 1, 2023, Virginia conforms to the most recent version of the Internal Revenue Code on a modified rolling basis and requires legislation to decouple from certain amendments. Virginia will not automatically conform with any federal provisions that result in a revenue impact of \$15 million or more. Additionally, Virginia will not automatically conform to federal amendments that occur between the General Assembly's sine die adjournment of one regular session and the first day of the next regular session if the projected impact of such amendments would increase or decrease general fund revenues by \$75 million or more in the fiscal year of the amendment or any of the four succeeding fiscal years, unless the provision was adopted by the legislature before the cumulative projected impact was met.

²⁶ Adopts IRC §174 as in effect 12/31/2024.

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*** Guide to Chart:**

- Rolling Conformity – Adopts current version of IRC §174.
- Rolling Conformity – Decoupled – Does not adopt the current version of IRC §174.
- Static Conformity - Adopts the version of IRC §174 effective on the conformity date.
- Static Conformity – Decoupled - Does not adopt IRC §174 and/or requires a modification for R&E expenses.
- No Corporate Income tax – Does not impose a tax measured by net income.

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