















SELECTED STATE RESPONSES TO THE TAX CUTS & JOBS ACT OF 2017

STATE	LEGISLATIVE PROPOSALS	NON-LEGISLATIVE ACTIONS & PROPOSALS	ENACTED LAWS
ARIZONA			H.B. 2647 was signed into law on Apr. 5, 2018. This law updates the definition of the Internal Revenue Code to the IRC as of Jan. 1, 2018. For FYE Dec. 31, 2016 through Dec. 31, 2017, the law updates conformity to the IRC as of Jan. 1 2017.
CALIFORNIA	S.B. 227 has been introduced. The bill would attempt to bypass the federal limitations on SALT deductions by allowing a credit against net tax for amounts contributed to a "California Excellence Fund."	A constitutional amendment (ACA-22) is circulating that would more than double the state's corporate income tax rate to 18.84%, which would be the highest in the country. On Apr. 20, 2018, The California Franchise Tax Board issued its final report regarding the State's conformity to the federal tax reforms.	
CONNECTICUT	S.B. 11 would allow Connecticut to tax a portion of all dividends received. This is a direct response to the foreign income repatriation provision of the federal tax reforms. H.B. 5105 would reduce the sales and use tax rate and increase the top two marginal rates of personal income tax.	The Department of Revenue has issued guidance on the treatment of IRC Sec. 965 Federal Repatriation Tax.	
FLORIDA			H.B. 7093 was signed into law on Mar. 23, 2018. This law updates Florida's conformity to the IRC as of Jan. 1, 2018. The law also extended the decoupling from federal bonus depreciation until 2027, and reduced the corporate income tax rate if collections exceed estimated collections by more than 7%.
GEORGIA			H.B. 918 has been passed, updating IRC conformity for tax years beginning on or after Jan 1. 2017 to the Code in existence on Feb. 9, 2018. The bill conforms to new asset expensing provisions, but decouples from federal bonus depreciation. Corporate and individual rates were also lowered. S.B. 328 was signed into law on Mar. 26, 2018. This new law specifically decouples from federal global intangible low taxed income (GILTI) provisions.
IDAHO			Gov. C.L. "Butch" Otter (R) signed H.B. 355 into law on February 9. The law changes the general IRC conformity date from Jan. 1, 2017, to Dec. 21, 2017. This falls one day prior to the effective date for most TCJA provisions except for IRC 965, which governs the treatment of deferred foreign income. H.B. 463 was signed into law on Mar. 12, 2018. This bill incorporates a new higher standard deductions, repeals all exemptions, and creates a new child tax credit. H.B. 624 was signed into law on Mar. 20, 2018. This law generally updates Idaho's statutes to conform to provisions affected by the federal Bipartisan Budget Act of 2018.

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 ILLINOIS	<p>H.B. 4237 creates an income tax credit equal to taxpayer contributions to the Illinois Excellence Fund.</p> <p>S.B. 3152 would create an add back to taxable income of any foreign-derived intangible income deduction taken on the federal return. It also creates a deduction for excess business losses disallowed as a deduction on the federal return.</p>	<p>On Mar. 1, 2018, the Illinois Department of Revenue published guidance on the impact of federal tax reform on Illinois taxpayers.</p>	
 IOWA	<p>House Study Bill 671 has been approved by the house. The bill would reduce corporate and individual taxes by \$1 billion annually. The proposal would also conform Iowa's tax code to the federal code and eliminate the deductibility of federal taxes paid. The proposal would reduce Iowa's current top corporate tax rate of 12% (the highest in the country) to 7%. The bill would also "sunset" a number of tax credits available to taxpayers.</p>		
 KENTUCKY			<p>H.B. 366 was passed on Apr. 13, 2018 by a House and Senate override of the Governor's veto. The bill generally updates corporate and individual conformity to the IRC as of Dec. 31, 2017. Kentucky will continue to decouple from federal depreciation provisions. The bill also adopts a single-sales factor method of apportionment in place of a double weighted sales three factor method. It also implements market-based sourcing and several other changes.</p>
 MICHIGAN			<p>Legislation to decouple from federal law and retain the personal exemption has been signed into law by Gov. Rick Snyder. Under the new law, Michigan's personal exemption will be increased to \$4,900 by 2021.</p>
 NEBRASKA	<p>L.B. 1084 would fund the anticipated loss in income tax revenue with an increase in sales tax rates.</p> <p>L.B. 947 would reduce the top individual and corporate tax rates along with refundable state income tax credits designed to ease taxpayer's local property tax burdens.</p>		
 NEW JERSEY	<p>The Senate passed S.B. 1893 allowing local jurisdictions to set up charitable funds to accept property taxes in exchange for property tax credits. The proposal is similar to California's plan to allow property taxes to be treated as charitable donations on federal income tax returns.</p> <p>A.B. 2650 would allow a one-time deduction of up to \$10,000 for 2018 property taxes that were paid in 2017.</p>		
 NEW YORK	<p>S. 6974 would exclude from income any repatriated income and would disallow any section 965(c) dividends-received deductions.</p>	<p>New York has issued a notice on the treatment of IRC 965 repatriation income for individuals. The notice states that the IRC 965 income is taxable.</p>	
 OHIO			<p>S.B. 22 was signed by the governor on Mar. 30, 2018. The new law updates conformity to the IRC changes made since Mar. 30, 2017, (previously Feb. 14, 2016). Ohio continues to decouple from certain federal provisions, including IRC Section 179 deductions and IRC Section 168 bonus depreciation.</p>

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 <p>OKLAHOMA</p>			<p>H.B. 1011 was signed into law on Mar. 29, 2018, the law will cap the amount of itemized deduction that may be claimed at \$17,000.</p>
 <p>OREGON</p>	<p>S.B. 1528 has been passed by both the House and the Senate and is awaiting signatures. The bill would also set up a "tax credit purchasing program" that would allow taxpayers to pay taxes in the form of charitable contributions in order to avoid the federal state and local tax deduction cap.</p>	<p>The Oregon Department of Revenue has issued guidance for individuals regarding the treatment of IRC 965 income. The guidance states that all 965 income is taxable.</p>	<p>S.B. 1529 was signed into law on Apr. 10, 2018. This bill updates the IRC conformity date to Dec. 31, 2017 and requires an addback of IRC Sec. 965 repatriated funds. This bill also creates a credit for charitable contributions paid to a state trust.</p>
 <p>PENNSYLVANIA</p>	<p>H.B. 2017 has been proposed to reverse the position described in Corporate Tax Bulletin 2017-02 (Dec. 22, 2017) and allow an additional state-level deduction equal to the amount that would have otherwise been allowed by IRC sections 167 and 168.</p>	<p>Pennsylvania has released an interpretation of its current tax code in response to the federal reforms. Pennsylvania currently decouples from federal expensing provisions under IRC section 168(k). The Department released Corporate Tax Bulletin 2017-02 (Dec. 22, 2017) to explain that Pennsylvania does not conform to IRC section 168(k). Any deduction for depreciation under IRC section 168(k) must be added back to taxable income for corporate income tax purposes. The release also states that Pennsylvania law does not provide any additional deduction or cost recovery mechanism with respect to the qualified property. The state is essentially saying it will disallow any depreciation on these assets. The recovery of such cost will be deferred until the qualified property is sold or disposed of.</p>	
 <p>RHODE ISLAND</p>	<p>In early February, two very similar bills, S. 2216 and H. 7550, were introduced which would create the Rhode Island Ocean State Fund, which would accept charitable contributions in exchange for a credit against income tax.</p>		
 <p>SOUTH DAKOTA</p>			<p>H.B. 1049 has been signed into law with an effective date of July 1, 2018. This law updates statutory references to the IRC as it existed from Jan. 1, 2017 to Jan. 1, 2018 for state financial institution/bank franchise tax purposes.</p>
 <p>TENNESSEE</p>		<p>Notice No. 18-05 was issued as guidance on the Tennessee franchise and excise tax implications of the 2017 federal tax reform act's Sec. 965 amendments assessing a "transition tax" on untaxed repatriated foreign earnings. Repatriated earnings should not be included in net earnings, they should not be deducted, and they should not be included in apportionment formulas.</p>	
 <p>UTAH</p>	<p>H.B. 374 would place most corporate taxpayers on a single sales factor formula of apportionment. (died) H.B. 355 would amend the tax laws to lower corporate and individual income tax rates. (died)</p>		<p>S.B. 244 signed on Mar. 21, 2018, allows corporations to elect to pay Utah corporate income tax on foreign deferred income (IRC 965) in installments under certain circumstances. H.B. 293 was signed on Mar. 26, 2018. It reduces individual and corporate income tax rates, implements a single sales factor for most corporate taxpayers, and freezes property tax rates for five years. S.B. 72 was signed by the governor on Mar. 27, 2018 and outlines how certain taxpayers may transition from a single sales factor method to another.</p>

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 VERMONT	<p>H. 911 has been proposed and would create a Vermont standard deduction and personal exemptions.</p>	<p>The Vermont Tax Department has announced a plan to make federal AGI the starting point for the Vermont taxable income calculation. The plan would also re-introduce personal exemptions and reduce rates for all tax brackets. A 5% tax credit for charitable contributions is included in the proposal as well.</p>	
 VIRGINIA			<p>H.B. 154 has been enacted to update the statutes to conform with the federal tax code as of Feb. 9, 2018. The bill will decouple from the foreign earnings repatriation provisions under IRC section 965.</p>
 WASHINGTON	<p>H.B. 2853 was introduced on Jan. 18, 2018, and would create the Washington Excellence Fund. Taxpayers would receive a retail sales tax exemption equal to the donation.</p>		
 WEST VIRGINIA			<p>West Virginia has enacted H.B. 4135 which updates the meaning of federal taxable income and brings the state into conformity with the IRC as of Jan. 1, 2018.</p>
 WISCONSIN	<p>A.B. 944 would create a \$100 Child Tax Credit for each child.</p>	<p>The Wisconsin Department of Revenue has issued guidance on how the federal tax reforms may affect 2017 returns, noting that the state statutes generally follow the IRC provisions as of Dec. 31, 2016.</p>	<p>A.B. 259 was signed into law on Mar. 3, 2018. The law generally updates the State's income tax laws to conform to the IRC as of Dec. 31, 2016, except that certain amendments from the 2017 Federal Tax Reform Act are being incorporated, while others are not. For tax years after Dec. 31, 2017, the statutes are updated to conform with the IRC as of Dec. 31, 2017.</p>