State Conformity to Federal Tax Reform *(as of October 2019)*

Other Priorities

Contributions to Capital

Ten states that took federal conformity action followed the STAR Partnership's recommendation to decouple from section 118 provisions on contributions to capital (Arizona, Arkansas, Connecticut, Georgia, Indiana, New York, North Carolina, South Carolina, Tennessee, and Virginia). This federal provision would specifically contravene state policy goals by imposing taxes on states' own economic development incentives.

Which States Decoupled from the Contributions to Capital Provisions?

FDIC Fees

Three states that took conformity action followed STAR's recommendation to decouple from federal FDIC fee provisions (South Carolina, Utah, and Wisconsin). This federal provision disallows a deduction for FDIC fees and was included in the TCJA purely as a means of raising revenue to offset other provisions that reduced federal business taxes. There is no similar state business tax reduction, and thus there is no rationale for states to limit the deductibility of FDIC fees.

Which States Decoupled from the FDIC Fee Provisions?

Expensing

Five states that took conformity action followed STAR's recommendation to conform to federal expensing provisions (Iowa, Oregon, South Carolina, Utah, and West Virginia). These federal code sections support investment in the U.S., and conforming supports this important policy goal.

Which States Conformed to the Expensing Provisions?

About Us: The STAR (State Taxes After Reform) Partnership was formed to help the business community navigate the state legislative, executive, and regulatory reaction to federal tax reform. Please visit our website for more information about the STAR Partnership and our work (www.star-partners.org).