



# This Week in State Tax (TWIST)

July 21, 2025



## California: Legislature advances IRC conformity bill; excludes most recent bill

The California Assembly Revenue & Taxation Committee voted last week to advance a bill which would update California's conformity to the Internal Revenue Code (IRC) to January 1, 2025, applicable to tax years beginning on or after January 1, 2025. Recall, California currently conforms to the IRC as it existed on January 1, 2015, meaning it conforms only to those sections of the 2017 Tax Cuts and Jobs Act (TCJA) that were specifically incorporated into state law. If approved, the bill would bring California into conformity with TCJA, except for provisions from which the state has specifically chosen to deviate. Importantly, in testimony at a committee hearing, the committee chairman emphasized that, if enacted, the bill does not include conformity to the recently-enacted federal One Big Beautiful Bill (OBBB).

For example, the bill would conform to changes in the federal treatment of research and experimental expenditures (IRC 174) made by the TCJA, but only as they applied before January 1, 2022. The bill would not adopt the amortization regime that took effect starting in 2022 (and was later superseded for some taxpayers by the addition of IRC 174A under OBBB).

Although the fate of the bill is uncertain, it is poised to be the first state legislative response to the OBBB (which was signed into law by the President on July 4). Taxpayers should plan to monitor state conformity updates in all states during the 2025-2026 state legislative sessions carefully to determine the ultimate impact of OBBB in each state. For a comprehensive analysis of the tax provisions of OBBB, please review [KPMG's report](#) on the new law. Please contact [Oksana Jaffe](#) with questions about [S.B. 711](#).

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