



This Week in State Tax (TWIST)

February 9, 2026



Multistate: Update on recent state OB3 guidance

As spring compliance season approaches, three additional states – Indiana, Michigan, and Minnesota – have released taxpayer guidance related to the One Big Beautiful Bill Act (OB3).

Indiana: Governor Braun recently signed a bill that updates the state's conformity to the Internal Revenue Code (IRC) to include a specific set of provisions set forth by OB3. Recall that Indiana ties to the IRC as amended and in effect on January 1, 2023, so the state did not automatically conform to the changes made by OB3. With the newly passed law, Indiana will now conform to the following provisions of the IRC as in effect on July 4, 2025: IRC § 23 [credit for child and dependent care expenses]; IRC § 168(e)(3)(B)(iv) [federal definition of what constitutes "5-year property" for depreciation]; and IRC § 223(c)(2)(E) [federal definition of a high deductible health plan as it relates to health savings accounts]. For corporate tax purposes, Indiana will now align itself with the current federal definition of "5-year property" for purposes of bonus depreciation, which OB3 altered to exclude certain solar or wind energy assets. It has not picked up other OB3 changes affecting corporate taxpayers. Please contact [Gianluca Pitetti](#) or [Ryan Dahlkamp](#) with question about [S.B. 212](#).

Michigan: In response to OB3, the Michigan Department of Treasury released taxpayer guidance providing for limited relief from penalties and interest related to underpayment of quarterly estimated payments in certain situations. Recall that Michigan updated its conformity to the IRC in October of 2025 to decouple from numerous provisions included in OB3. [For details on [Public Act 24](#), see our [TWIST of October 13, 2025](#).] The newly issued guidance acknowledges the complexity of computing state tax liability given the significant changes in law and permits a waiver of penalties and related interest for Michigan quarterly estimated payments made from July 2025 through January 2026 for tax year 2025. This relief applies solely to Michigan corporate income tax payments. Taxpayers who wish to request a waiver can do so only if they receive a notice of underpayment from the Department and must do so in writing according to the instructions on the notice. Taxpayers should not submit a request for relief prior to receiving a notice from the Department. Please contact [Dan De Jong](#) or [Arthur Orzame](#) with questions about [Michigan's Notice on Relief for 2025 CIT Estimated Payments in Light of OB3](#).

Minnesota: The Minnesota Department of Revenue recently circulated guidance to taxpayers that may wish to amend their federal return for tax years 2022 and 2023. The guidance addresses reporting these changes to the Department. Recall that Minnesota conforms to the IRC as amended through May 1, 2023, and thus does not conform to changes in OB3. The new guidance states that if a taxpayer amends their 2022 or 2023 federal tax return solely due to OB3, and the Minnesota tax liability remains unchanged due to the state's lack of conformity, the taxpayer must send a letter to the Department describing the impact. Specifically, the letter must contain the

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date the federal return was amended, the taxpayer's name and FEIN, the affected tax years, the reason for amending, as well as the specific section of OB3 that affected the federal return and an explanation of why the federal adjustment does not impact Minnesota tax. Please contact [Dale Busacker](#) or [Miriam Sahouani](#) with questions about [Minnesota's 2022 and 2023 Nonconformity Guidance](#).

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