



This Week in State Tax (TWIST)

April 20, 2026



Multistate: Recent Updates on OB3 guidance

Maine and Oregon have recently taken legislative action to adjust their conformity to the Internal Revenue Code (IRC) in the wake of the One Big Beautiful Bill Act (OB3) (P.L. 119-21).

Maine: Governor Mills has recently signed [Legislative Document 2212](#), a bill making appropriations and allocations for Fiscal Years 2026 and 2027; the bill also includes updates to the state's conformity to the IRC. Recall, Maine is a fixed conformity state, and with the passage of this bill, the state will now conform to the IRC, as amended, as of December 31, 2025, with somcertain exceptions. For purposes of individual and corporate income taxes, the bill decouples Maine from the treatment of IRC section 174A (research and experimental expense deductions) under OB3. Instead, for taxable years beginning on or after January 1, 2025 and before January 1, 2030, taxpayers will be required to make an addition modification for an amount equal to the deduction taken under IRC 174A (*i.e.*, full expensing of domestic research and experimental (R&E) expenditures) or P.L. 119-21, section 70302(f)(2) (*i.e.*, the transitional rules applicable to small businesses and the election to accelerate unamortized domestic R&E expense for tax years 2022-2024) multiplied by an applicable percentage. The applicable percentages are: 100 percent for tax years beginning in 2025; 70 percent for tax years beginning in 2026 (except that 100 percent applies for amounts claimed pursuant to P.L. 119-21, section 70302(f)(2)); 50 percent for tax years beginning in 2027; 30 percent for tax years beginning in 2028; and 10 percent for tax years beginning in 2029. Maine then allows taxpayers an amortization deduction for amounts added back. For R&E expenditures paid or incurred in tax years beginning after December 31, 2021 and before January 1, 2026, taxpayers are allowed to amortize the amounts added back under the rules of IRC section 174 in effect prior to the enactment of OB3 (*i.e.*, the Tax Cuts and Jobs Act version of IRC section 174). For R&E expenditures incurred after December 31, 2025, the amortization deduction is equal to the amount of the addition modification deducted ratably over a period beginning in the tax year immediately after the addition modification and ending in the tax year beginning in 2030. Additionally, Maine will require an addback for amounts deducted federally pursuant to IRC section 168(n) (bonus depreciation for qualified production property) and a subtraction modification for the amount depreciation allowable under federal law but for IRC section 168(n). The bill also decouples through state modifications from the federal gain exclusion related to amounts invested in a qualified opportunity zone after December 31, 2026. Finally, for corporate taxpayers, the bill updates the state's statutory references to global intangible low-taxed income (GILTI) to "net controlled foreign corporation tested income" (NCTI), per the change in OB3. The changes included in this bill are effective for tax years beginning on or after January 1, 2025. For more information on [Legislative Document 2212](#), please contact [Melissa DelleMonache](#) and [Alex Lupo](#).

Oregon: Governor Kotek has recently signed into law [SB 1507](#), which decouples Oregon from the OB3

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amendments to the federal bonus depreciation allowance under IRC section 168(k) and requires that assets placed in service in tax years beginning on or after January 1, 2026 be depreciated as allowed under IRC section 168(k) as it existed on December 1, 2017. Recall that Oregon is a rolling conformity state in which changes to the IRC become effective unless the legislature passes measures to provide otherwise. SB 1507 also decouples the state from the deduction for certain personal automobile loan interest and the qualified small-business stock exclusion for Oregon personal income tax purposes. Separately, Governor Kotek signed [SB 1510](#), a bill that changes the state's statutory references to global intangible low-taxed income (GILTI) to "net controlled foreign corporation tested income" (NCTI), per the change in OB3. Thus, the Oregon dividends received deduction will apply to NCTI amounts included in taxable income. Additionally, the bill extends the state pass-through entity (PTE) elective entity-level tax regime for two additional tax years, through tax year 2027. PTEs electing into the Oregon PTE tax regime are permitted to apply overpayments of PTE elective tax as estimated tax payments for the following year. For more information on Senate Bill 1507 or Senate Bill 1510, please contact [Nisha Mathew](#) and [Robert Passmore](#).

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