



This Week in State Tax (TWIST)

April 27, 2026



Multistate: States continue to act on IRC conformity changes

States continue to take action to update their income tax conformity to the Internal Revenue Code (IRC) to account for the enactment of the One Big Beautiful Bill Act (P.L. 119-21) (OB3). The most recent activity includes:

Kentucky: The Commonwealth legislature has overridden the line item veto of two provisions made by Governor Beshear to HB 757 which updated the state fixed conformity date with several modifications to the federal changes incorporated in OB3 as well as imposing new taxes on prediction market operators and fantasy sports operators. The items vetoed were unrelated to the tax changes. H.B. 757 is now law (Acts Ch. 161) as passed by the legislature. See [our April 13 TWIST](#) for a discussion of the details of the bill.

Maine: Governor Mills has signed legislation to decouple Maine individual and corporate income tax laws from the changes to IRC section 168(k) (bonus depreciation of certain assets) as contained in OB3. The change is applicable to tax years beginning on or after January 1, 2025. Previously, Maine had separate conformity rules for property for which a Maine capital investment credit was claimed but will now decouple from bonus depreciation for all assets. Maine also enacted several conformity modifications to the provisions of OB3 in an earlier measure as discussed in [April 20 TWIST](#). For questions on the bonus depreciation provisions contained in [Legislative Document 2188](#), please contact [Melissa Dellemonache](#) and [Alex Lupo](#).

Maryland: Governor Moore has signed legislation that revises the Old Line State individual and corporation income tax treatment of IRC section 168(k) (bonus depreciation of certain assets) for manufacturing entities which may only claim 20 percent of the additional depreciation allowance provided in IRC section 168(k). Previously, manufacturing entities did not have to addback bonus depreciation. Non-manufacturing taxpayers continue to be fully decoupled from IRC section 168(k). The measure also permanently decouples from the special depreciation provisions for qualified production property under IRC section 168(n). The measure is effective for tax years beginning after December 31, 2025. Recall Maryland is a rolling conformity state with the exception that it does not conform to a federal change if the state revenue impact exceeds \$5 million in the current year. For that reason, the state has already decoupled from the OB3 bonus depreciation provisions of IRC section 168(k) and section 168(n) for tax year 2025, as noted in the [September 22, 2025 TWIST](#). For questions on [Senate Bill 284](#), please contact [Diana Smith](#) or [Jasmine Desai](#).

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