

# HB0233S01 compared with HB0233

~~{deleted text}~~ shows text that was in HB0233 but was deleted in HB0233S01.

inserted text shows text that was not in HB0233 but was inserted into HB0233S01.

**DISCLAIMER:** This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

~~{TAX EXEMPTION}~~ Representative Paul Ray proposes the following substitute bill:

## TAX CREDIT FOR MILITARY SURVIVOR BENEFITS

2016 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Paul Ray**

Senate Sponsor: \_\_\_\_\_

---

### LONG TITLE

#### General Description:

This bill ~~{exempts}~~ creates an individual income tax credit for certain military survivor benefits ~~{from individual income tax}~~.

#### Highlighted Provisions:

This bill:

- ▶ defines ~~{a term}~~ terms; and
- ▶ ~~{exempts from}~~ creates a nonrefundable individual income tax credit for certain military survivor benefits.

#### Money Appropriated in this Bill:

None

#### Other Special Clauses:

~~{This bill provides a special effective date.}~~ None

## HB0233S01 compared with HB0233

### Utah Code Sections Affected:

~~{AMENDS}~~ ENACTS:

~~{59-10-103, as last amended by Laws of Utah 2010, Chapter 202~~

~~59-10-114, as last amended by Laws of Utah 2010, Chapter 6}~~ 59-10-1036, Utah

Code Annotated 1953

---

*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section ~~{59-10-103}~~ 59-10-1036 is ~~{amended}~~ enacted to read:

~~{59-10-103}~~ 59-10-1036. ~~{ Definitions}~~ Nonrefundable tax credit for military survivor benefits.

(1) As used in this ~~{chapter}~~:

~~(a) "Adjusted gross income":~~

~~(i) for a resident or nonresident individual, [is as] means the same as that term is defined in Section 62, Internal Revenue Code; or~~

~~(ii) for a resident or nonresident estate or trust, is as calculated in Section 67(c), Internal Revenue Code.~~

~~(b) "Corporation" includes:~~

~~(i) an association;~~

~~(ii) a joint stock company; and~~

~~(iii) an insurance company.~~

~~(c) "Distributable net income" [is as] means the same as that term is defined in Section 643, Internal Revenue Code.~~

~~(d) "Employee" [is as] means the same as that term is defined in Section 59-10-401.~~

~~(e) "Employer" [is as] means the same as that term is defined in Section 59-10-401.~~

~~(f) "Federal taxable income":~~

~~(i) for a resident or nonresident individual, means taxable income as defined by Section 63, Internal Revenue Code; or~~

~~(ii) for a resident or nonresident estate or trust, is as calculated in Section 641(a) and (b), Internal Revenue Code.~~

~~(g) "Fiduciary" means:~~

~~(i) a guardian;~~

## HB0233S01 compared with HB0233

- ~~—— (ii) a trustee;~~
- ~~—— (iii) an executor;~~
- ~~—— (iv) an administrator;~~
- ~~—— (v) a receiver;~~
- ~~—— (vi) a conservator; or~~
- ~~—— (vii) any person acting in any fiduciary capacity for any individual;~~
- ~~—— (h) "Guaranteed annuity interest" [is as] means the same as that term is defined in 26 C.F.R. Sec. 1.170A-6(c)(2);~~
- ~~—— (i) "Homesteaded land diminished from the Uintah and Ouray Reservation" means the homesteaded land that was held to have been diminished from the Uintah and Ouray Reservation in Hagen v. Utah, 510 U.S. 399 (1994);~~
- ~~—— (j) "Individual" means a natural person and includes aliens and minors;~~
- ~~—— (k) "Irrevocable trust" means a trust in which the settlor may not revoke or terminate all or part of the trust without the consent of a person who has a substantial beneficial interest in the trust and the interest would be adversely affected by the exercise of the settlor's power to revoke or terminate all or part of the trust;~~
- ~~—— (l) "Military service" [is as] means the same as that term is defined in Pub. L. No. 108-189, Sec. 101;~~
- ~~—— (m) "Nonresident individual" means an individual who is not a resident of this state;~~
- ~~—— (n) "Nonresident trust" or "nonresident estate" means a trust or estate [which] that is not a resident estate or trust;~~
- ~~—— (o) (i) "Partnership" includes a syndicate, group, pool, joint venture, or other unincorporated organization;~~
- ~~—— (A) through or by means of which any business, financial operation, or venture is carried on; and~~
- ~~—— (B) which is not, within the meaning of this chapter;~~
- ~~—— (I) a trust;~~
- ~~—— (II) an estate; or~~
- ~~—— (III) a corporation;~~
- ~~—— (ii) "Partnership" does not include any organization not included under the definition of "partnership" in Section 761, Internal Revenue Code;~~

## HB0233S01 compared with HB0233

~~(iii) "Partner" includes a member in a syndicate, group, pool, joint venture, or organization described in Subsection (1)(o)(i):~~

~~(p) "Qualified nongrantor charitable lead trust" means a trust:~~

~~(i) that is irrevocable;~~

~~(ii) that has a trust term measured by:~~

~~(A) a fixed term of years; or~~

~~(B) the life of a person living on the day on which the trust is created;~~

~~(iii) under which:~~

~~(A) a portion of the value of the trust assets is distributed during the trust term:~~

~~(I) to an organization described in Section 170(c), Internal Revenue Code; and~~

~~(II) as a:~~

~~(Aa) guaranteed annuity interest; or~~

~~(Bb) unitrust interest; and~~

~~(B) assets remaining in the trust at the termination of the trust term are distributed to a beneficiary:~~

~~(I) designated in the trust; and~~

~~(II) that is not an organization described in Section 170(c), Internal Revenue Code;~~

~~(iv) for which the trust is allowed a deduction under Section 642(c), Internal Revenue Code; and~~

~~(v) under which the grantor of the trust is not treated as the owner of any portion of the trust for federal income tax purposes:~~

~~(q) "Reserve components" section:~~

~~(a) "Dependent child" means the same as that term is ~~described~~ defined in 10 U.S.C. Sec. ~~10101~~:~~

~~[(q)] (r) (i) "Resident individual" means:~~

~~(A) an individual who is domiciled in this state for any period of time during the taxable year, but only for the duration of the period during which the individual is domiciled in this state; or~~

~~(B) an individual who is not domiciled in this state but:~~

~~(I) maintains a place of abode in this state; and~~

~~(II) spends in the aggregate 183 or more days of the taxable year in this state.~~

## HB0233S01 compared with HB0233

~~(ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, and for purposes of Subsection (1)(q)(r)(i)(B), the commission shall by rule define what constitutes spending a day of the taxable year in the state:~~

~~[(r)] (s) "Resident estate" or "resident trust" [is as] } 1447.~~

~~(b) "Reserve components" means the same as that term is { defined } described in {Section 75-7-103} 10 U.S.C. Sec. 10101.~~

~~{(s)} {(t)c} "{Servicemember} Surviving spouse" {is as} } means the same as that term is defined in {Pub. L. No. 108-189, Sec. 101}.~~

~~[(t)] (u) "State income tax percentage for a nonresident estate or trust" means a percentage equal to a nonresident estate's or trust's state taxable income for the taxable year divided by the nonresident estate's or trust's total adjusted gross income for that taxable year after making the adjustments required by:~~

~~(i) Section 59-10-202;~~

~~(ii) Section 59-10-207;~~

~~(iii) Section 59-10-209.1; or~~

~~(iv) Section 59-10-210.~~

~~[(u)] (v) "State income tax percentage for a nonresident individual" means a percentage equal to a nonresident individual's state taxable income for the taxable year divided by the difference between:~~

~~(i) subject to Section 59-10-1405, the nonresident individual's total adjusted gross income for that taxable year, after making the:~~

~~(A) additions and subtractions required by Section 59-10-114; and~~

~~(B) adjustments required by Section 59-10-115; and~~

~~(ii) if the nonresident individual described in Subsection (1)(u)(v)(i) is a servicemember, the compensation the servicemember receives for military service if the servicemember is serving in compliance with military orders:~~

~~[(v)] (w) "State income tax percentage for a part-year resident individual" means, for a taxable year, a fraction:~~

~~(i) the numerator of which is the sum of:~~

~~(A) subject to Section 59-10-1404.5, for the time period during the taxable year that the part-year resident individual is a resident, the part-year resident individual's total adjusted gross~~

## HB0233S01 compared with HB0233

~~income for that time period, after making the:~~

~~—— (I) additions and subtractions required by Section 59-10-114; and~~

~~—— (II) adjustments required by Section 59-10-115; and~~

~~—— (B) for the time period during the taxable year that the part-year resident individual is a nonresident, an amount calculated by:~~

~~—— (I) determining the part-year resident individual's adjusted gross income for that time period, after making the:~~

~~—— (Aa) additions and subtractions required by Section 59-10-114; and~~

~~—— (Bb) adjustments required by Section 59-10-115; and~~

~~—— (II) calculating the portion of the amount determined under Subsection~~

~~(1)(v)](w)(i)(B)(I) that is derived from Utah sources} 10 U.S.C. Sec. 1447.~~

~~(d) "Survivor benefits" means the amount paid by the federal government in accordance with {Section 59-10-117; and~~

~~—— (ii) the denominator of which is the difference between:~~

~~—— (A) the part-year resident individual's total adjusted gross income for that taxable year, after making the:~~

~~—— (I) additions and subtractions required by Section 59-10-114; and~~

~~—— (II) adjustments required by Section 59-10-115; and~~

~~—— (B) if the part-year resident individual is a servicemember, any compensation the servicemember receives for military service during the portion of the taxable year that the servicemember is a nonresident if the servicemember is serving in compliance with military orders:~~

~~—— [(w)] (x) "Taxable income" or "state taxable income":~~

~~—— (i) subject to Section 59-10-1404.5, for a resident individual, means the resident individual's adjusted gross income after making the:~~

~~—— (A) additions and subtractions required by Section 59-10-114; and~~

~~—— (B) adjustments required by Section 59-10-115;~~

~~—— (ii) for a nonresident individual, is an amount calculated by:~~

~~—— (A) determining the nonresident individual's adjusted gross income for the taxable year, after making the:~~

~~—— (I) additions and subtractions required by Section 59-10-114; and~~

## HB0233S01 compared with HB0233

- ~~— (H) adjustments required by Section 59-10-115; and~~
- ~~— (B) calculating the portion of the amount determined under Subsection (1)(w)(x)(ii)(A) that is derived from Utah sources in accordance with Section 59-10-117;~~
- ~~— (iii) for a resident estate or trust, is as calculated under Section 59-10-201.1; and~~
- ~~— (iv) for a nonresident estate or trust, is as calculated under Section 59-10-204.~~
- ~~— [(x)] (y) "Taxpayer" means any individual, estate, trust, or beneficiary of an estate or trust, that has income subject in whole or part to the tax imposed by this chapter.~~
- ~~— [(y)] (z) "Trust term" means a time period:~~
  - ~~— (i) beginning on the day on which a qualified nongrantor charitable lead trust is created; and~~
  - ~~— (ii) ending on the day on which the qualified nongrantor charitable lead trust described in Subsection (1)(y)(z)(i) terminates.~~
- ~~— [(z)] (aa) "Uintah and Ouray Reservation" means the lands recognized as being included within the Uintah and Ouray Reservation in:~~
  - ~~— (i) Hagen v. Utah, 510 U.S. 399 (1994); and~~
  - ~~— (ii) Ute Indian Tribe v. Utah, 114 F.3d 1513 (10th Cir. 1997).~~
- ~~— [(aa)] (bb) "Unadjusted income" means an amount equal to the difference between:~~
  - ~~— (i) the total income required to be reported by a resident or nonresident estate or trust on the resident or nonresident estate's or trust's federal income tax return for estates and trusts for the taxable year; and~~
  - ~~— (ii) the sum of the following:~~
    - ~~— (A) fees paid or incurred to the fiduciary of a resident or nonresident estate or trust:~~
      - ~~— (I) for administering the resident or nonresident estate or trust; and~~
      - ~~— (II) that the resident or nonresident estate or trust deducts as allowed on the resident or nonresident estate's or trust's federal income tax return for estates and trusts for the taxable year;~~
    - ~~— (B) the income distribution deduction that a resident or nonresident estate or trust deducts under Section 651 or 661, Internal Revenue Code, as allowed on the resident or nonresident estate's or trust's federal income tax return for estates and trusts for the taxable year;~~
    - ~~— (C) the amount that a resident or nonresident estate or trust deducts as a deduction for~~

## HB0233S01 compared with HB0233

~~estate tax or generation skipping transfer tax under Section 691(c), Internal Revenue Code, as allowed on the resident or nonresident estate's or trust's federal income tax return for estates and trusts for the taxable year; and~~

~~—— (D) the amount that a resident or nonresident estate or trust deducts as a personal exemption under Section 642(b), Internal Revenue Code, as allowed on the resident or nonresident estate's or trust's federal income tax return for estates and trusts for the taxable year.~~

~~—— [(bb)] (cc) "Unitrust interest" [is as] means the same as that term is defined in 26 C.F.R. Sec. 1.170A-6(c)(2).~~

~~—— [(cc)] (dd) "Ute tribal member" means a person who is enrolled as a member of the Ute Indian Tribe of the Uintah and Ouray Reservation.~~

~~—— [(dd)] (ee) "Ute tribe" means the Ute Indian Tribe of the Uintah and Ouray Reservation.~~

~~—— [(ee)] (ff) "Wages" [is as] means the same as that term is defined in Section 59-10-401.~~

~~—— (2) (a) Any term used in this chapter has the same meaning as when used in comparable context in the laws of the United States relating to federal income taxes unless a different meaning is clearly required.~~

~~—— (b) Any reference to the Internal Revenue Code or to the laws of the United States shall mean the Internal Revenue Code or other provisions of the laws of the United States relating to federal income taxes that are in effect for the taxable year.~~

~~—— (c) Any reference to a specific section of the Internal Revenue Code or other provision of the laws of the United States relating to federal income taxes shall include any corresponding or comparable provisions of the Internal Revenue Code as amended, redesignated, or reenacted.~~

~~—— Section 2. Section **59-10-114** is amended to read:~~

~~—— **59-10-114. Additions to and subtractions from adjusted gross income of an individual:**~~

~~—— (1) There shall be added to adjusted gross income of a resident or nonresident individual:~~

~~—— (a) a lump sum distribution that the taxpayer does not include in adjusted gross income on the taxpayer's federal individual income tax return for the taxable year;~~

## HB0233S01 compared with HB0233

- ~~—— (b) the amount of a child's income calculated under Subsection (4) that:~~
- ~~—— (i) a parent elects to report on the parent's federal individual income tax return for the taxable year; and~~
- ~~—— (ii) the parent does not include in adjusted gross income on the parent's federal individual income tax return for the taxable year;~~
- ~~—— (c) (i) a withdrawal from a medical care savings account and any penalty imposed for the taxable year if:~~
  - ~~—— (A) the resident or nonresident individual does not deduct the amounts on the resident or nonresident individual's federal individual income tax return under Section 220, Internal Revenue Code;~~
  - ~~—— (B) the withdrawal is subject to Subsections 31A-32a-105(1) and (2); and~~
  - ~~—— (C) the withdrawal is:~~
    - ~~—— (f) subtracted on a return the resident or nonresident individual files under this chapter for a taxable year beginning on or before December 31, 2007; or~~
    - ~~—— (H) used as the basis for a resident or nonresident individual to claim a tax credit under Section 59-10-1021;~~
    - ~~—— (ii) a disbursement required to be added to adjusted gross income in accordance with Subsection 31A-32a-105(3); or~~
    - ~~—— (iii) an amount required to be added to adjusted gross income in accordance with Subsection 31A-32a-105(5)(c);~~
  - ~~—— (d) the amount withdrawn under Title 53B, Chapter 8a, Utah Educational Savings Plan, from the account of a resident or nonresident individual who is an account owner as defined in Section 53B-8a-102, for the taxable year for which the amount is withdrawn, if that amount withdrawn from the account of the resident or nonresident individual who is the account owner:~~
    - ~~—— (i) is not expended for:~~
      - ~~—— (A) higher education costs as defined in Section 53B-8a-102; or~~
      - ~~—— (B) a payment or distribution that qualifies as an exception to the additional tax for distributions not used for educational expenses provided in Sections 529(c) and 530(d), Internal Revenue Code; and~~
    - ~~—— (ii) is:~~

## HB0233S01 compared with HB0233

- ~~—— (A) subtracted by the resident or nonresident individual:~~
- ~~—— (I) who is the account owner; and~~
- ~~—— (II) on the resident or nonresident individual's return filed under this chapter for a taxable year beginning on or before December 31, 2007; or~~
- ~~—— (B) used as the basis for the resident or nonresident individual who is the account owner to claim a tax credit under Section 59-10-1017;~~
- ~~—— (c) except as provided in Subsection (5), for bonds, notes, and other evidences of indebtedness acquired on or after January 1, 2003, the interest from bonds, notes, and other evidences of indebtedness issued by one or more of the following entities:~~
  - ~~—— (i) a state other than this state;~~
  - ~~—— (ii) the District of Columbia;~~
  - ~~—— (iii) a political subdivision of a state other than this state; or~~
  - ~~—— (iv) an agency or instrumentality of an entity described in Subsections (1)(c)(i) through (iii);~~
- ~~—— (f) subject to Subsection (2)(c), any distribution received by a resident beneficiary of a resident trust of income that was taxed at the trust level for federal tax purposes, but was subtracted from state taxable income of the trust pursuant to Subsection 59-10-202(2)(b);~~
- ~~—— (g) any distribution received by a resident beneficiary of a nonresident trust of undistributed distributable net income realized by the trust on or after January 1, 2004, if that undistributed distributable net income was taxed at the trust level for federal tax purposes, but was not taxed at the trust level by any state, with undistributed distributable net income considered to be distributed from the most recently accumulated undistributed distributable net income; and~~
- ~~—— (h) any adoption expense:~~
- ~~—— (i) for which a resident or nonresident individual receives reimbursement from another person; and~~
- ~~—— (ii) to the extent to which the resident or nonresident individual subtracts that adoption expense:~~
- ~~—— (A) on a return filed under this chapter for a taxable year beginning on or before December 31, 2007; or~~
- ~~—— (B) from federal taxable income on a federal individual income tax return.~~

## HB0233S01 compared with HB0233

~~— (2) There shall be subtracted from adjusted gross income of a resident or nonresident individual:~~

~~— (a) the difference between:~~

~~— (i) the interest or a dividend on an obligation or security of the United States or an authority, commission, instrumentality, or possession of the United States, to the extent that interest or dividend is:~~

~~— (A) included in adjusted gross income for federal income tax purposes for the taxable year; and~~

~~— (B) exempt from state income taxes under the laws of the United States; and~~

~~— (ii) any interest on indebtedness incurred or continued to purchase or carry the obligation or security described in Subsection (2)(a)(i);~~

~~— (b) for taxable years beginning on or after January 1, 2000, if the conditions of Subsection (3)(a) are met, the amount of income derived by a Ute tribal member:~~

~~— (i) during a time period that the Ute tribal member resides on homesteaded land diminished from the Uintah and Ouray Reservation; and~~

~~— (ii) from a source within the Uintah and Ouray Reservation;~~

~~— (c) an amount received by a resident or nonresident individual or distribution received by a resident or nonresident beneficiary of a resident trust:~~

~~— (i) if that amount or distribution constitutes a refund of taxes imposed by:~~

~~— (A) a state; or~~

~~— (B) the District of Columbia; and~~

~~— (ii) to the extent that amount or distribution is included in adjusted gross income for that taxable year on the federal individual income tax return of the resident or nonresident individual or resident or nonresident beneficiary of a resident trust;~~

~~— (d) the amount of a railroad retirement benefit:~~

~~— (i) paid:~~

~~— (A) in accordance with the Railroad Retirement Act of 1974, 45 U.S.C. Sec. 231 et seq.;~~

~~— (B) to a resident or nonresident individual; and~~

~~— (C) for the taxable year; and~~

~~— (ii) to the extent that railroad retirement benefit is included in adjusted gross income on~~

## HB0233S01 compared with HB0233

~~that resident or nonresident individual's federal individual income tax return for that taxable year; [and]~~

~~— (e) an amount:~~

~~— (i) received by an enrolled member of an American Indian tribe; and~~

~~— (ii) to the extent that the state is not authorized or permitted to impose a tax under this part on that amount in accordance with:~~

~~— (A) federal law;~~

~~— (B) a treaty; or~~

~~— (C) a final decision issued by a court of competent jurisdiction[-]; and~~

~~— (f) the amount of survivor benefits paid by the federal government, in accordance with 10 U.S.C. Secs. 1447 ~~{to}~~ through 1455 ~~{, to the}~~.~~

(2) A surviving spouse ~~{,}~~ or dependent ~~{children, or both the spouse and dependent children of}~~:

~~— (i) child may claim a nonrefundable tax credit for survivor benefits if the benefits are paid due to:~~

~~— (a) the death of a member of the armed forces or ~~{the}~~ reserve components ~~{who dies}~~ while on active duty; or~~

~~— ~~{ii}~~ b) the death of a member of the reserve components ~~{who dies of}~~ that results from a service-connected cause while performing inactive duty training.~~

~~(3) ~~{(a) A subtraction for an amount}~~ The tax credit described in Subsection (2) ~~{(b) is allowed only if}~~:~~

~~— (i) the taxpayer is a Ute tribal member; and~~

~~— (ii) the governor and the Ute tribe execute and maintain an agreement meeting the requirements of this Subsection (3):~~

~~— (b) The agreement} is equal to the product of:~~

~~— (a) the amount of survivor benefits that the surviving spouse or dependent child received during the taxable year; and~~

~~— (b) 5%.~~

~~(4) The tax credit described in Subsection ~~(3)~~ (a) 2:~~

~~~~{ii}~~ a may not ~~{}~~:~~

~~— (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;~~

## HB0233S01 compared with HB0233

- ~~—— (B) provide a subtraction under this section greater than or different from the subtraction described in Subsection (2)(b); or~~
- ~~—— (C) affect the power of the state to establish rates of taxation; and~~
- ~~—— (ii) shall:~~
  - ~~—— (A) provide for the implementation of the subtraction described in Subsection (2)(b);~~
  - ~~—— (B) be in writing;~~
  - ~~—— (C) be signed by:~~
    - ~~—— (I) the governor; and~~
    - ~~—— (II) the chair of the Business Committee of the Ute tribe;~~
  - ~~—— (D) be conditioned on obtaining any approval required by federal law; and~~
  - ~~—— (E) state the effective date of the agreement.~~
- ~~—— (c) (i) The governor shall report to the commission by no later than February 1 of each year regarding whether or not an agreement meeting the requirements of this Subsection (3) is in effect.~~
- ~~—— (ii) If an agreement meeting the requirements of this Subsection (3) is terminated, the subtraction permitted under Subsection (2)(b) is not allowed for taxable years; be carried forward or carried back; and~~
  - (b) applies to a taxable year beginning on or after ~~{the January 1 following the termination of the agreement.~~
- ~~—— (d) For purposes of Subsection (2)(b) and in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules:~~
  - ~~—— (i) for determining whether income is derived from a source within the Uintah and Ouray Reservation; and~~
  - ~~—— (ii) that are substantially similar to how adjusted gross income derived from Utah sources is determined under Section 59-10-117.~~
- ~~—— (4) (a) For purposes of this Subsection (4), "Form 8814" means:~~
  - ~~—— (i) the federal individual income tax Form 8814, Parents' Election To Report Child's Interest and Dividends; or~~
  - ~~—— (ii) (A) a form designated by the commission in accordance with Subsection (4)(a)(ii)(B) as being substantially similar to 2000 Form 8814 if for purposes of federal individual income taxes the information contained on 2000 Form 8814 is reported on a form~~

## HB0233S01 compared with HB0233

~~other than Form 8814; and~~

~~—— (B) for purposes of Subsection (4)(a)(ii)(A) and in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules designating a form as being substantially similar to 2000 Form 8814 if for purposes of federal individual income taxes the information contained on 2000 Form 8814 is reported on a form other than Form 8814.~~

~~—— (b) The amount of a child's income added to adjusted gross income under Subsection (1)(b) is equal to the difference between:~~

~~—— (i) the lesser of:~~

~~—— (A) the base amount specified on Form 8814; and~~

~~—— (B) the sum of the following reported on Form 8814:~~

~~—— (I) the child's taxable interest;~~

~~—— (II) the child's ordinary dividends; and~~

~~—— (III) the child's capital gain distributions; and~~

~~—— (ii) the amount not taxed that is specified on Form 8814.~~

~~—— (5) Notwithstanding Subsection (1)(c), interest from bonds, notes, and other evidences of indebtedness issued by an entity described in Subsections (1)(c)(i) through (iv) may not be added to adjusted gross income of a resident or nonresident individual if, as annually determined by the commission:~~

~~—— (a) for an entity described in Subsection (1)(c)(i) or (ii), the entity and all of the political subdivisions, agencies, or instrumentalities of the entity do not impose a tax based on income on any part of the bonds, notes, and other evidences of indebtedness of this state; or~~

~~—— (b) for an entity described in Subsection (1)(c)(iii) or (iv), the following do not impose a tax based on income on any part of the bonds, notes, and other evidences of indebtedness of this state:~~

~~—— (i) the entity; or~~

~~—— (ii) (A) the state in which the entity is located; or~~

~~—— (B) the District of Columbia, if the entity is located within the District of Columbia.~~

~~Section 3. **Effective date.**~~

~~—— This bill takes effect on } January 1, 2017.~~

f

**HB0233S01 compared with HB0233**

**Legislative Review Note**

**Office of Legislative Research and General Counsel**