

**Representative Douglas V. Sagers** proposes the following substitute bill:

**INDIVIDUAL INCOME TAX ADDITION AND  
DEDUCTION AMENDMENTS**

2018 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Douglas V. Sagers**

Senate Sponsor: Howard A. Stephenson

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**LONG TITLE**

**General Description:**

This bill modifies the Individual Income Tax Act by amending provisions relating to individual income tax additions and deductions.

**Highlighted Provisions:**

This bill:

- amends an addition to adjusted gross income of an individual income taxpayer and an addition to unadjusted income of a resident or nonresident estate or trust for the interest on certain bonds, notes, or other evidences of indebtedness;

- amends a deduction from adjusted gross income of an individual income taxpayer and a deduction from unadjusted income of a resident or nonresident estate or trust for the interest on certain bonds, notes, or other obligations ~~issued by a local political subdivision~~ **←\$** ; and

- makes technical corrections.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides retrospective operation.



- 119 (i) if that amount or distribution constitutes a refund of taxes imposed by:
- 120 (A) a state; or
- 121 (B) the District of Columbia; and
- 122 (ii) to the extent that amount or distribution is included in adjusted gross income for
- 123 that taxable year on the federal individual income tax return of the resident or nonresident
- 124 individual or resident or nonresident beneficiary of a resident trust;
- 125 (d) the amount of a railroad retirement benefit:
- 126 (i) paid:
- 127 (A) in accordance with The Railroad Retirement Act of 1974, 45 U.S.C. Sec. 231 et
- 128 seq.;
- 129 (B) to a resident or nonresident individual; and
- 130 (C) for the taxable year; and
- 131 (ii) to the extent that railroad retirement benefit is included in adjusted gross income on
- 132 that resident or nonresident individual's federal individual income tax return for that taxable
- 133 year; ~~and~~
- 134 (e) an amount:
- 135 (i) received by an enrolled member of an American Indian tribe; and
- 136 (ii) to the extent that the state is not authorized or permitted to impose a tax under this
- 137 part on that amount in accordance with:
- 138 (A) federal law;
- 139 (B) a treaty; or
- 140 (C) a final decision issued by a court of competent jurisdiction[-]; and
- 141 (f) an amount received:
- 142 (i) for the interest on a bond, note, or other obligation ~~§→~~ **[described in Section 11-14-303;]**
- 142a **issued by an entity for which state statute provides an exemption of interest on its bonds from**
- 142b **state individual income tax; ←§**
- 143 (ii) by a resident or nonresident individual;
- 144 (iii) for the taxable year; and
- 145 (iv) to the extent the amount is included in adjusted gross income on the taxpayer's
- 146 federal income tax return for the taxable year.
- 147 (3) (a) A subtraction for an amount described in Subsection (2)(b) is allowed only if:
- 148 (i) the taxpayer is a Ute tribal member; and
- 149 (ii) the governor and the Ute tribe execute and maintain an agreement meeting the

305 (B) a treaty; or

306 (C) a final decision issued by a court of competent jurisdiction;

307 (g) the amount that a qualified nongrantor charitable lead trust deducts under Section  
308 642(c), Internal Revenue Code, as a charitable contribution deduction, as allowed on the  
309 qualified nongrantor charitable lead trust's federal income tax return for estates and trusts for  
310 the taxable year; ~~and~~

311 (h) any fiduciary adjustments required by Section 59-10-210[-]; and

312 (i) an amount received:

313 (i) for the interest on a bond, ~~§~~→ [not] note ←~~§~~, or other obligation ~~§~~→ [described in  
313a Section 11-14-303;] issued by an entity for which state statute provides an exemption of interest  
313b on its bonds from state individual income tax; ←~~§~~

314 (ii) by a resident or nonresident estate or trust;

315 (iii) for the taxable year; and

316 (iv) to the extent the amount is included in federal taxable income on the taxpayer's  
317 federal income tax return for the taxable year.

318 (3) Notwithstanding Subsection (1)(b), interest from bonds, notes, and other evidences  
319 of indebtedness issued by an entity described in Subsections (1)(b)(i)(A) through [(iv)] (D) may  
320 not be added to unadjusted income of a resident or nonresident estate or trust if, as annually  
321 determined by the commission:

322 (a) for an entity described in Subsection (1)(b)(i)(A) or [(ii)] (B), the entity and all of  
323 the political subdivisions, agencies, or instrumentalities of the entity do not impose a tax based  
324 on income on any part of the bonds, notes, and other evidences of indebtedness of this state; or

325 (b) for an entity described in Subsection (1)(b)[(iii)](i)(C) or [(iv)] (D), the following  
326 do not impose a tax based on income on any part of the bonds, notes, and other evidences of  
327 indebtedness of this state:

328 (i) the entity; or

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

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

331 (4) (a) A subtraction for an amount described in Subsection (2)(c) is allowed only if:

332 (i) the income is derived from a deceased Ute tribal member; and

333 (ii) the governor and the Ute tribe execute and maintain an agreement meeting the  
334 requirements of this Subsection (4).

335 (b) The agreement described in Subsection (4)(a):