

104TH CONGRESS
1ST SESSION

H. R. 1792

To amend the Internal Revenue Code of 1986 to provide that no deduction shall be allowed for personal income taxes paid to a State (or political subdivision thereof) which taxes nonresidents on income derived from certain Federal areas.

IN THE HOUSE OF REPRESENTATIVES

JUNE 8, 1995

Mr. BRYANT of Tennessee introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide that no deduction shall be allowed for personal income taxes paid to a State (or political subdivision thereof) which taxes nonresidents on income derived from certain Federal areas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. DENIAL OF DEDUCTION FOR INCOME TAXES**
2 **PAID TO STATES WHICH TAX NONRESIDENTS**
3 **ON INCOME EARNED IN CERTAIN FEDERAL**
4 **AREAS.**

5 (a) IN GENERAL.—Section 164 of the Internal Reve-
6 nue Code of 1986 (relating to deduction for taxes) is
7 amended by redesignating subsection (g) as subsection (h)
8 and by inserting after subsection (f) the following new
9 subsection:

10 “(g) DENIAL OF DEDUCTION FOR TAXES PAID TO
11 STATES WHICH TAX NONRESIDENTS ON INCOME
12 EARNED IN CERTAIN FEDERAL AREAS.—

13 “(1) IN GENERAL.—No deduction shall be al-
14 lowed under this section for personal income taxes
15 imposed by any State (or political subdivision there-
16 of) which imposes a tax on income—

17 “(A) from transactions occurring or serv-
18 ices performed in a specified Federal area lo-
19 cated within such State, and

20 “(B) of any individual—

21 “(i) who is not a resident or domi-
22 ciliary of such State, and

23 “(ii) who is a resident or domiciliary
24 of an adjacent State.

25 “(2) PERSONAL INCOME TAXES.—For purposes
26 of this subsection, the term ‘personal income taxes’

1 means income taxes which are not paid or incurred
2 in carrying on a trade or business or an activity de-
3 scribed in section 212.

4 “(3) SPECIFIED FEDERAL AREA.—For purposes
5 of this subsection, the term ‘specified Federal area’
6 means any Federal area which is used in whole or
7 in part for Federal military defense purposes and
8 which includes portions of Kentucky and Ten-
9 nessee.”

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 1994.

○