

**MEMO# 3783**

May 15, 1992

## **TENNESSEE GOVERNOR SIGNS BILL ALLOWING PASS-THROUGH OF FEDERAL OBLIGATION INTEREST**

May 15, 1992 TO: TAX MEMBERS NO. 34-92 UNIT INVESTMENT TRUST MEMBERS NO. 30-92  
MONEY MARKET MEMBERS - ONE PER COMPLEX NO. 6-92 RE: TENNESSEE GOVERNOR  
SIGNS BILL ALLOWING PASS-THROUGH OF FEDERAL OBLIGATION INTEREST

\_\_\_\_\_ The Institute is pleased to inform you that the Governor of Tennessee has signed legislation allowing the pass-through of federal obligation interest effective as of January 1, 1992. Under the law, dividends of a regulated investment company ("RIC"), distributions of a unit investment trust ("UIT"), and earnings of a regulated investment company organized as a partnership will be exempt from Tennessee tax to the extent that they are derived from interest on federal obligations. As we previously informed you, the legislation will also have the effect of restoring the tax-exempt status of mutual fund dividends and UIT distributions derived from interest on Tennessee obligations. (See Institute Memorandum to Tax Members No. 28-92, Unit Investment Trust Members No. 28-92 and Money Market Members - One Per Complex No. 4-92, dated May 7, 1992.) We will keep you informed of further developments. David J. Mangefrida Jr. Assistant Counsel - Tax

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