

(3) interest derived from a United States obligation;  
and

(4) interest excluded from federal gross income under § 103 of the Internal Revenue Code and derived from a bond:

(i) issued by a state or a public corporation, special district, political subdivision of a state or their instrumentalities; or

(ii) under § 150 of the Internal Revenue Code, treated as a bond issued by a state or a public corporation, special district, or political subdivision of a state or their instrumentalities.

~~(C) -- IN COMPUTING NET EARNINGS, A FINANCIAL INSTITUTION -- MAY NOT REPORT A FEDERAL TAXABLE INCOME OF LESS THAN ZERO.~~

10-206.

(E) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(II) "LOSS YEAR" MEANS THE TAXABLE YEAR IN WHICH THERE OCCURS A NET OPERATING LOSS THAT IS CARRIED BACK OR CARRIED OVER IN WHOLE OR IN PART TO ANOTHER TAXABLE YEAR.

(III) "NET ADDITION MODIFICATION" MEANS, FOR ANY TAXABLE YEAR, THE AMOUNT BY WHICH THE SUM OF THE ADDITION MODIFICATIONS REQUIRED UNDER THIS TITLE EXCEEDS THE SUM OF THE SUBTRACTION MODIFICATIONS ALLOWED UNDER THIS TITLE.

(IV) "NET OPERATING LOSS DEDUCTION" MEANS A NET OPERATING LOSS DEDUCTION ALLOWED FOR FEDERAL INCOME TAX PURPOSES UNDER § 172 OF THE INTERNAL REVENUE CODE.

(2) IF A NET OPERATING LOSS DEDUCTION IS ALLOWED FOR THE TAXABLE YEAR, THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION FOR THE TAXABLE YEAR INCLUDES, FOR EACH LOSS YEAR AS TO WHICH A PORTION OF THE NET OPERATING LOSS DEDUCTION IS ATTRIBUTABLE, AN AMOUNT EQUAL TO THE LESSER OF:

(I) THE AMOUNT OF THE NET OPERATING LOSS DEDUCTION ATTRIBUTABLE TO THAT LOSS YEAR; OR

(II) THE AMOUNT BY WHICH THE TOTAL NET OPERATING LOSS IN THE LOSS YEAR IS LESS THAN THE SUM OF:

1. THE NET ADDITION MODIFICATION FOR THAT LOSS YEAR; AND