



General Assembly

February Session, 2018

Governor's Bill No. 11

LCO No. 357



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:

SEN. LOONEY, 11th Dist.

SEN. DUFF, 25th Dist.

REP. ARESIMOWICZ, 30th Dist.

REP. RITTER M., 1st Dist.

AN ACT CONCERNING CONNECTICUT'S RESPONSE TO FEDERAL TAX REFORM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage and applicable to taxable years*
2 *commencing on or after January 1, 2018*) (a) As used in this section and
3 sections 2 and 3 of this act:

4 (1) "Partnership" has the same meaning as provided in Section
5 7701(a)(2) of the Internal Revenue Code, as defined in section 12-213 of
6 the general statutes, and regulations adopted thereunder.
7 "Partnership" includes a limited liability company that is treated as a
8 partnership for federal income tax purposes;

9 (2) "S corporation" means a corporation or limited liability company
that is treated as an S corporation for federal income tax purposes;

10 (3) "Taxable year" means the taxable year of a partnership or S
11 corporation ~~or affected business~~

12 entity for federal income tax purposes;

13 (4) "Affected business entity" means any partnership or S
14 corporation that elects to be subject to tax pursuant to Section 3 of this Act;

15 (5) "Member" means (A) a shareholder of an S corporation, (B) a
16 partner in (i) a general partnership, (ii) a limited partnership, or (iii) a
17 limited liability partnership, and (C) a member of a limited liability
18 company that is treated as a partnership or S corporation for
19 federal income tax purposes; ~~and~~

20 (6) "Direct member" means a member that holds an interest directly in an
21 affected business entity;

22 (7) "Indirect member" means a member that itself holds an interest,
23 through a direct or indirect member that is a partnership or an S
24 corporation, in an affected business entity; and

25 (11) "Commissioner" means the Commissioner of Revenue Services.

26 (b) (1) Each affected business entity that is a partnership and that is
27 required to file a return

28 under the provisions of section 12-726 of the general statutes, as
29 amended by this act, shall, on or before the fifteenth day of the third
30 month following the close of each taxable year, pay to the
31 commissioner a tax in an amount equal to ~~(A)~~ ~~(A)~~ the separately and
32 nonseparately computed items, as described in Section 702(a) of the
33 Internal Revenue Code, of the affected business entity, to the extent
34 derived from or connected with sources within this state, as
35 determined under the provisions of chapter 229 of the general statutes,
36 ~~(B)~~ as increased or decreased by any modification described in section
37 12-701 of the general statutes, as amended by this act, that relates to an
38 item of the affected business entity's income, gain, loss or deduction, to

3237 the extent derived from or connected with sources within this state, as
3338 determined under the provisions of chapter 229 of the general statutes,
3439 (B2) multiplied by six and ninety-nine-hundredths per cent. If the
3540 amount calculated under subdivision (A4) of this subsection results in a
3641 net loss, such net loss may be carried forward to succeeding taxable
3742 years for which the affected business entity elects to be subject to tax
3843 pursuant to section 3 of this Act until fully used. Payment shall be made
3944 with the return that is required to be filed under section 12-726 of the
4045 general statutes, as amended by this act.

46 (2) Each affected business entity that is an S corporation and that is
47 required to file a return under the provisions of section 12-726 of the
48 general statutes, as amended by this act, shall, on or before the fifteenth
49 day of the third month following the close of each taxable year, pay to the
50 commissioner a tax in an amount equal to (A) (i) the separately and
51 nonseparately computed items, as described in Section 1366 of the
52 Internal Revenue Code, of the affected business entity, to the extent
53 derived from or connected with sources within this state, as
54 determined under the provisions of chapter 229 of the general statutes,
55 (ii) as increased or decreased by any modification described in section
56 12-701 of the general statutes, as amended by this act, that relates to an
57 item of the affected business entity's income, gain, loss or deduction, to
58 the extent derived from or connected with sources within this state, as
59 determined under the provisions of chapter 229 of the general statutes,
60 (B) multiplied by six and ninety-nine-hundredths per cent. If the
61 amount calculated under subdivision (A) of this subsection results in a
62 net loss, such net loss may be carried forward to succeeding taxable
4163 years for which the affected business entity elects to be subject to tax
4264 pursuant to section 3 of this Act until fully used. Payment shall be made
4365 with the return that is required to be filed under section 12-726 of the
66 general statutes, as amended by this act.

4467 (c) If an affected business entity, the lower-tier entity, is a direct or
4568 indirect member of

4669 another affected business entity, the upper-tier entity, the lower-tier
4770 entity shall, when calculating its net income or loss pursuant to
4871 subdivision (b)(1)(A) or (b)(2)(A) of this section 1 of this act~~tax due under~~
4972 ~~this section~~, subtract its distributive share of income or add its distributive
5073 share of loss from the upper-tier affected business entity to the extent that
5174 the income or loss was derived from or connected with sources within this
5275 state.

5376 (d) A nonresident individual who is a member shall not be required
5477 to file an income tax return under the provisions of chapter 229 of the
5578 general statutes for a taxable year if, for such taxable year, the only
5679 source of income derived from or connected with sources within the
5780 state for such member, or the member and the member's spouse if a
5881 joint federal income tax return is or shall be filed, is from one or more
5982 affected business entities and such affected business entity or entities
6083 file and pay the tax due under this section.

6184 (e) Each partnership and S corporation ~~affected business entity~~ shall
report to each of its members,
6285 for each taxable year, such member's direct pro rata share of the tax
6386 imposed under this section on such partnership or S
corporation if it is an affected business entity and
6487 its indirect pro rata share of the tax imposed on any upper-tier entity of
6588 which such affected business entity is a direct or indirect member.

6689 (f) (1) (A) Each person that is subject to the tax under chapter 229 of
6790 the general statutes and is a member shall be entitled to a credit
6891 against the tax imposed under said chapter, other than the tax imposed
6992 under section 12-707 of the general statutes. Such credit shall be in an
7093 amount equal to such person's direct and indirect pro rata share of the
7194 tax paid under this section by any affected business entity of which
7295 such person is directly or indirectly a member multiplied by
7396 ninety-three and one-hundredths per cent. If the amount of the credit
7497 allowed pursuant to this subdivision exceeds such person's tax liability for
98 the tax imposed under said chapter,
99 such unused amount shall be carried forward to each of the succeeding

~~100 income years by the person until such credit is fully taken against the tax~~
~~75 under chapter 229 of the general statutes, the commissioner shall treat such~~
~~excess as an~~
~~76 overpayment and, except as provided under section 12-739 or 12-742 of~~
~~77 the general statutes, shall refund the amount of such excess, without~~
~~78~~ 101 interest, to such person.

79102(B) Each person that is subject to the tax under chapter 229 of the
103 general statutes as a resident or a part-year resident of this state and is a
80104 member shall ~~also~~ be entitled to a credit
84105 against the tax imposed under said chapter, other than the tax imposed
82106 under section 12-707 of the general statutes, for such person's direct
83107 and indirect pro rata share of taxes paid to another state of the United
108 States or the District of Columbia, on income of any partnership or S
84 ~~corporation affected business~~
85109 ~~entity~~ of which such person is a member that is derived therefrom,
86110 provided the taxes paid to another state of the United States or the
87111 District of Columbia results from a tax that the commissioner
88112 determines is substantially similar to the tax imposed under this
89113 section. Any such credit shall be calculated in the manner prescribed
90114 by the commissioner, which shall be consistent with the provisions of
115 section 12-704 of the general statutes. If the amount of the credit allowed
116 pursuant to this subdivision exceeds such person's tax liability for the tax
117 imposed under said chapter, such unused amount shall be carried forward
118 to each of the succeeding income years by the person until such credit is
119 fully taken against the tax under chapter 229 of the general statutes.
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21 (2) Each company that is subject to the tax under chapter 208 of the
32 general statutes and is a member shall be entitled to a credit against
43 the tax imposed under said chapter. Such credit shall be in an amount
54 equal to such company's direct and indirect pro rata share of the tax
65 paid under this section by any affected business entity of which such
76 company is a member multiplied by ninety-three and one-hundredths
87 per cent. Such credit shall be applied after all other credits and shall
98 not be subject to the limits imposed under section 12-217zz of the
109 general statutes. Any credit that is not used in the income year during
1410 which the company reports its pro rata share of the
14211 net income from such affected business entities ~~ies y incurs the tax under this~~
14312 ~~section~~
14413 shall be carried forward to each of the succeeding income years by the
1514 company until such credit is fully taken against the tax under chapter

~~1615~~ 208 of the general statutes.

99 (g) Upon failure of any affected business entity to pay the tax due
100 under this section within thirty days of the due date, the provisions of
101 section 12-35 of the general statutes shall apply with respect to the
102 enforcement of this section and the collection of such tax. The warrant
103 therein provided for shall be signed by the commissioner or an
104 authorized agent of the commissioner. The amount of any such tax,
105 penalty and interest shall be a lien, from the last day of the last month

106 of the taxable year next preceding the due date of such tax until
107 discharged by payment, against all real estate of the taxpayer within
108 the state, and a certificate of such lien signed by the commissioner may
109 be filed for record in the office of the clerk of any town in which such
110 real estate is situated, provided no such lien shall be effective as against
111 any bona fide purchaser or qualified encumbrancer of any interest in
112 any such property. When any tax with respect to which a lien has
113 been recorded under the provisions of this section has been satisfied,
114 the commissioner, upon request of any interested party, shall issue a
115 certificate discharging such lien, which certificate shall be recorded in
116 the same office in which the lien was recorded. Any action for the
117 foreclosure of such lien shall be brought by the Attorney General in the
118 name of the state in the superior court for the judicial district in which
119 the property subject to such lien is situated, or, if such property is
120 located in two or more judicial districts, in the superior court for
121 any one such judicial district, and the court may limit the time for
122 redemption or order the sale of such property or make such other or
123 further decree as it judges equitable.

124 (h) If any tax is not paid when due as provided in this section, there
125 shall be added to the amount of the tax interest at the rate of one per
126 cent per month or fraction thereof from the date the tax became due
127 until it is paid.

128 (i) The provisions of sections 12-723, 12-725 and 12-728 to 12-737,
129 inclusive, of the general statutes shall apply to the provisions of this
130 section in the same manner and with the same force and effect as if the
131 language of said sections had been incorporated in full into this section
132 and had expressly referred to the tax under this section, except to the
133 extent that any such provision is inconsistent with a provision of this
134 section.

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137 Sec. 2. (NEW) (*Effective from passage and applicable to taxable years*
~~*commencing on or after January 1, 2018*~~) ~~(3) As used in this section,~~
"required annual payment" means the lesser of (1) ninety per cent of

138 the tax under section 1 of this act that is reported on the return filed for
139 the taxable year or, if no return is filed, ninety per cent of the tax due
140 under said section, or (2) if the preceding taxable year was a taxable
141 year of twelve months and affected business entity filed a return for
142 such taxable year, one hundred per cent of the tax under section 1 of
143 this act that is reported on such return.

144 (b) (1) Each affected business entity required to pay the tax under
145 section 1 of this act shall make the required annual payment each
146 taxable year, in four required estimated tax installments on the
147 following due dates: (A) For the first required installment, the fifteenth
148 day of the fourth month of the taxable year; (B) for the second required
149 installment, the fifteenth day of the sixth month of the taxable year; (C)
150 for the third required installment, the fifteenth day of the ninth month
151 of the taxable year, and (D) for the fourth required installment, the
152 fifteenth day of the first month of the next succeeding taxable year. An
153 affected business entity may elect to pay any required installment prior
154 to the specified due date. Except as provided in subdivision (2) of this
155 subsection, the amount of each required installment shall be twenty-
156 five per cent of the required annual payment.

157 (2) (A) For any required installment, if the affected business entity
158 establishes that its annualized income installment calculated pursuant
159 to subparagraph (B) of this subdivision is less than the amount
160 determined under subsection (a) of this section, the amount of such
161 required installment shall be the annualized income installment. Any
162 reduction in a required installment resulting pursuant to this
163 subdivision shall be recaptured by increasing the amount of the next
164 required installment by the amount of such reduction and by
165 increasing subsequent required installments to the extent such
166 reduction has not previously been recaptured under this subdivision.

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169 (B) The annualized income installment is the amount by which (i)
~~the amount equal to the applicable percentage, as set forth in~~
subparagraph (C) of this subdivision, multiplied by the tax under

170 section 1 of this act for the taxable year that would be due if income
171 subject to tax under said section for the months in the taxable year
172 ending before the due date of the installment was annualized, (ii)
173 exceeds the aggregate amount of any prior required installments for
174 the taxable year.

175 (C) For the purposes of subparagraph (B) of this subdivision, the
176 applicable percentages shall be as follows: (i) For the first required
177 installment, twenty-two and one-half per cent; (ii) for the second
178 required installment, forty-five per cent; (iii) for the third required
179 installment, sixty-seven and one-half per cent; and (iv) for the fourth
180 required installment, ninety per cent.

181 (c) (1) Except as otherwise provided in this section, in the case of
182 any underpayment of estimated tax by an affected business entity,
183 there shall be added to the tax under section 1 of this act an amount
184 determined by applying interest (A) at the rate of one per cent per
185 month or fraction thereof, (B) to the amount of the underpayment, (C)
186 for the period of the underpayment.

187 (2) For the purposes of subdivision (1) of this subsection, (A) the
188 amount of the underpayment is the amount by which the required
189 installment exceeds the amount, if any, of the installment paid on or
190 before the due date of the installment, and (B) the period of the
191 underpayment runs from the due date of the installment to whichever
192 date is earlier: (i) The fifteenth day of the third month of the next
193 succeeding taxable year, or (ii) with respect to any portion of the
194 underpayment, the date on which such portion is paid. Any payment
195 of estimated tax under this section shall be credited against unpaid or
196 underpaid required installments in the order in which such
197 installments are required to be paid.

198 (d) Payment of the estimated tax under this section or any required
199 ~~installment thereof shall be considered payment on account of the tax~~
200 imposed under section 1 of this act for the taxable year.

201 (e) For taxable years of less than twelve months, the provisions of
202 this section shall apply in a manner consistent with the regulations
203 adopted under chapter 229 of the general statutes pertaining to such
204 taxable years.

205 Sec. 3. (NEW) (Effective from passage and applicable to taxable years
206 commencing on or after January 1, 2018) (a) A partnership or an S
207 corporation may elect in the manner set forth in subsection (b) of this
section to become an affected business entity that is required to pay the
tax under section 1 of this act in any taxable year. A separate election
shall be made for each taxable year.

(b) (1) An election under subsection (a) of this section shall be made
on such form and in such manner as the commissioner may prescribe by
regulation or instruction.

(2) An election under subsection (a) of this section may be made for
any taxable year at any time on or before the fifteenth day of the third
month of such taxable year.

(3) An election made under paragraph (b)(1) of this Section 3 of the
act must be signed by:

(A) Each member of the electing entity who is a Member at the
time the election is filed; or

(B) Any officer, manager, or Member of the electing entity who is
authorized (under local law or the entity's organizational documents) to
make the election and who represents to having such authorization
under penalties of perjury.

Sec. 34. Subdivision (1) of subsection (b) of section 12-719 of the 2018
supplement to the general statutes is repealed and the following is
substituted in lieu thereof (*Effective from passage*):

208 (b) (1) (A) The provisions of this subsection shall not apply to
209 taxable years commencing on or after January 1, 2018.

210 (B) With respect to each of its nonresident partners, each partnership
211 ~~doing business in this state or having income derived from or connected~~
212 with sources within this state shall, for each taxable year, make
213 payment to the commissioner as provided in subdivision (2) of this
214 subsection.

215 Sec. 45. Subdivision (1) of subsection (c) of section 12-719 of the 2018
216 supplement to the general statutes is repealed and the following is
217 substituted in lieu thereof (*Effective from passage*):

218 (c) (1) (A) The provisions of this subsection shall not apply to
219 taxable years commencing on or after January 1, 2018.

220 (B) With respect to each of its nonresident shareholders, each S
221 corporation doing business in this state or having income derived from
222 or connected with sources within this state shall, for each taxable year,
223 make payment to the commissioner as provided in subdivision (2) of
224 this subsection.

225 Sec. 56. Section 12-726 of the general statutes is repealed and the
226 following is substituted in lieu thereof (*Effective from passage and*
227 *applicable to taxable years commencing on or after January 1, 2018*):

228 (a) Each partnership doing business in this state or having any
229 income derived from or connected with sources within this state,

230 determined in accordance with the provisions of this chapter, shall
231 make a return for the taxable year setting forth all items of income,
232 gain, loss and deduction, and the name, address and Social Security or
233 federal employer identification number of each partner, whether or not
234 a resident of this state, the amount of each partner's distributive share
235 of (1) such partnership's separately and nonseparately computed
236 items, as described in Section 702(a) of the Internal Revenue Code, (2)
237 any modification described in section 12-701, as amended by this act,
238 which relates to an item of such partnership's income, gain, loss or
239 deduction, (3) such partnership's separately and nonseparately
240 computed items, as described in Section 702(a) of the Internal Revenue
241 Code, to the extent derived from or connected with sources within this
242 state, as determined under this chapter, [and] (4) any modification
243 described in section 12-701, as amended by this act, which relates to an
244 item of such partnership's income, gain, loss or deduction, to the extent
245 derived from or connected with sources within this state, as determined
246 under this chapter, and (5) the direct pro rata share of the tax imposed
247 on the partnership under section 1 of this act and the indirect pro
248 rata share of the tax imposed on any upper-tier entity under section
249 1 of this act, and such other pertinent information as the Commissioner
250 of Revenue Services may prescribe by regulations and instructions.
251 Such return shall be filed on or before the fifteenth day of the [fourth]
252 third month following the close of each taxable year. The partnership
253 shall, on or before the day on which such return is filed, furnish to
254 each person who was a partner during the taxable year a copy of
255 such information as shown on the return. By way of example and not
256 of limitation, and for purposes of this section, [and section 12- 719,] a
257 partnership that has a substantial economic presence within this state,
258 as evidenced by a purposeful direction of business toward this state,
259 examined in light of the frequency, quantity and systematic nature of
260 the partnership's economic contacts with this state, without regard to
261 physical presence, shall, to the extent permitted by the Constitution of
262 the United States, be considered to be doing business in this state.
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264 (b) Each S corporation doing business in this state or having any
265 income derived from or connected with sources within this state,
266 determined in accordance with the provisions of this chapter, shall
267 make a return for the taxable year setting forth all items of income,
268 gain, loss and deduction, and the name, address and Social Security or
269 federal employer identification number of each shareholder, whether
270 or not a resident of this state, the amount of each shareholder's pro rata
271 share of (1) such S corporation's separately and nonseparately
272 computed items, as described in Section 1366 of the Internal Revenue
273 Code, (2) any modification described in section 12-701, as amended by
274 this act, which relates to an item of such S corporation's income, gain,
275 loss or deduction, (3) such S corporation's separately and nonseparately
276 computed items, as described in Section 1366 of the Internal Revenue
277 Code, to the extent derived from or connected with sources within this
278 state, as determined under this chapter, [and] (4) any modification
279 described in section 12-701, as amended by this act, which relates to
280 an item of such S corporation's income, gain, loss or deduction, to the
281 extent derived from or connected with sources within this state, as
282 determined under this chapter, and (5) the direct pro rata share of the
283 tax imposed on the S corporation under section 1 of this act and the
284 indirect pro rata share of the tax imposed on any upper-tier entity under
285 section 1 of this act, and such other pertinent information as the
286 Commissioner of Revenue Services may prescribe by regulations and
287 instructions. Such return shall be filed on or before the fifteenth day
288 of the [fourth] third month following the close of each taxable year.
289 The S corporation shall, on or before the day on which such return
290 is filed, furnish to each person who was a shareholder during the
291 taxable year a copy of such information as shown on the return. By way
292 of example and not of limitation, and for purposes of this section, [and
293 section 12-719,] an S corporation that has a substantial economic
294 presence within this state, as evidenced by a purposeful direction of
295 business toward this state, examined in light of the frequency, quantity
296 and systematic nature of the S corporation's economic contacts with
297 this state, without regard to physical presence, shall, to the extent

298 permitted by the Constitution of the United States, be considered to be
299 doing business in this state.

300 Sec. 67. Subsection (b) of section 12-733 of the general statutes is
301 repealed and the following is substituted in lieu thereof (*Effective from*
302 *passage and applicable to taxable years commencing on or after January 1,*
303 *2018*):

304 (b) (1) If the taxpayer omits from Connecticut adjusted gross
305 income, in the case of an individual, or from Connecticut taxable
306 income, in the case of a trust or estate, an amount properly includable
307 therein which is in excess of twenty-five per cent of the amount of
308 Connecticut adjusted gross income or Connecticut taxable income, as
309 the case may be, stated in the return, a notice of a proposed deficiency
310 assessment may be mailed to the taxpayer not later than six years after
311 the date on which the return is filed. For purposes of this subdivision,
312 there shall not be taken into account any amount which is omitted in
313 the return if such amount is disclosed in the return, or in a statement
314 attached to the return, in a manner adequate to apprise the
315 Commissioner of Revenue Services of the nature and the amount of
316 such item.

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(2) Adjusted gross income derived from or connected with sources within ~~this state, in the case of a nonresident individual or part-year resident~~ ^{Governor's Bill No. 11} individual, or from Connecticut taxable income derived from or connected with sources within this state, in the case of a nonresident trust or estate of part-year resident trust, an amount properly includable therein which is in excess of twenty-five per cent of the amount of Connecticut adjusted gross income derived from or connected with sources within this state or Connecticut taxable income derived from or connected with sources within this state, as the case may be, stated in the return, a notice of a proposed deficiency assessment may be mailed to the taxpayer not later than six years after the date on which the return is filed. For purposes of this subdivision, there shall not be taken into account any

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330 amount which is omitted in the return if such amount is disclosed in
331 the return, or in a statement attached to the return, in a manner
332 adequate to apprise the commissioner of the nature and the amount of
333 such item.

334 (3) If an employer, as defined in section 12-707, omits from
335 Connecticut wages an amount properly includable that is in excess of
336 twenty-five per cent of the amount of Connecticut wages stated in the
337 Connecticut withholding tax return required under section 12-707, a
338 notice of a proposed deficiency assessment may be mailed to the
339 employer not later than six years after the date on which the return is
340 filed. For purposes of this subdivision, there shall not be taken into
341 account any amount which is omitted in the return if such amount is
342 disclosed in the return, or in a statement attached to the return, in a
343 manner adequate to apprise the commissioner of the nature and the
344 amount of such item.

345 (4) If [a pass-through entity, as defined in subparagraph (D) of
346 subdivision (2) of subsection (b) of section 12-719] an affected business
347 entity, as defined in section 1 of this act, omits from the Connecticut
348 adjusted gross income derived from or connected with sources within
349 Connecticut of any [nonresident individual who is a] member of such
350 [pass-through] affected business entity an amount properly includable
351 therein [which] that is in excess of twenty-five per cent of the amount
352 of Connecticut adjusted gross income derived from or connected with
353 sources within Connecticut stated in the return required under section
354 1 of this act, a notice of a proposed deficiency assessment may be
355 mailed to the taxpayer not later than six years after the date on which
356 the return is filed. For purposes of this subdivision, there shall not be
357 taken into account any amount [which] that is omitted in the return if
358 such amount is disclosed in the return, or in a statement attached to
359 the return, in a manner adequate to apprise the commissioner of the
360 nature and the amount of such item.

361 Sec. 78. Subsection (a) of section 4-30a of the 2018 Supplement to the
Governor's Bill No.

362 general statutes is repealed and the following is substituted in lieu
363 thereof (*Effective from passage*):

364 (a) All revenue in excess of three billion one hundred fifty million
365 dollars received by the state each fiscal year from estimated and final
366 payments of the personal income tax imposed under chapter 229 and
367 the affected business entity tax imposed under section 1 of this act
368 shall be transferred by the Treasurer to a special fund to be known as
369 the Budget Reserve Fund.

370 Sec. 89. Subdivision (1) of subsection (aa) of section 3-20 of the 2018
371 supplement to the general statutes is repealed and the following is
372 substituted in lieu thereof (*Effective May 15, 2018*):

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a ~~General obligation bonds or credit revenue bonds issued on and after~~
a ~~May 15, 2018, and prior to July 1, 2020, shall be outstanding.~~ ~~the state of~~
) ~~Connecticut shall comply with the provisions of (A) section 4-30a of the~~
) ~~general statutes, revision of 1958, revised to January 1, 2017, as amended~~
(~~by section 704 of public act 17-2 of the June special session and section~~
1 ~~7 of this act, (B) section 2-33c in effect on October 31, 2017, (C) section~~
) ~~2-33a of the general statutes, revision of 1958, revised to January 1,~~
F ~~2017, as amended by section 709 of public act 17-2 of the June~~
o ~~special session, (D) subsections (d) and (g) of this section, revision~~
r ~~of 1958, revised to January 1, 2017, as amended by sections 710 and~~
e ~~711 of public act 17-2 of the June special session, and (E) section 3-21 of~~
a ~~the general statutes, revision of 1958, revised to January 1, 2017, as~~
c ~~amended by section 712 of public act 17-2 of the June special session.~~
h ~~The state of Connecticut does hereby pledge to and agree with the~~
f ~~holders of any bonds, notes and other obligations issued pursuant to~~
i ~~subdivision (2) of this subsection that no public or special act of the~~
s ~~General Assembly taking effect on or after May 15, 2018, and prior to~~
c ~~July 1, 2028, shall alter the obligation to comply with the provisions of~~
a ~~the sections and subsections set forth in subparagraphs (A) to (E),~~
l ~~inclusive, of this subdivision, until such bonds, notes or other~~
y ~~obligations, together with~~

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394 the interest thereon, are fully met and discharged, provided nothing in
395 this subsection shall preclude such alteration (i) if and when adequate
396 provision shall be made by law for the protection of the holders of
397 such bonds, or (ii) (I) if and when the Governor declares an emergency
398 or the existence of extraordinary circumstances, in which the provisions
399 of section 4-85 are invoked, (II) at least three-fifths of the members
400 of each chamber of the General Assembly vote to alter such required
401 compliance during the fiscal year for which the emergency or existence
402 of extraordinary circumstances are determined, and (III) any such
403 alteration is for the fiscal year in progress only.

404 Sec. 109. Section 3-114g of the general statutes is repealed and
405 the following is substituted in lieu thereof (*Effective from passage*):

406 At the end of each fiscal year, commencing with the fiscal year
407 ending on June 30, 1990, the Comptroller is authorized to record as
408 revenue for such fiscal year [,] the amount of revenue related to the tax
409 imposed under chapter 208 and section 1 of this act for such fiscal year
410 which is received by the Commissioner of Revenue Services not later
411 than five business days after the [August fifteenth] last day of July
412 immediately following the end of such fiscal year.

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S applicable to assessment years commencing on or after October 1, 2017) (a)
e ~~As used in this section: (1) "Residential property" means (A) a building~~
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. containing three or fewer dwelling units used for human habitation,
1 the parcel of land on which such building is situated and any
1 accessory buildings or other improvements located on such parcel, (B)
1 a condominium, as defined in section 47-68a of the general statutes,
0 that is used for residential purposes, or (C) a common interest
. community, as defined in section 47-202 of the general statutes; (2)
("community supporting organization" means an organization that is
N (A) exempt from taxation pursuant to Section 501(c)(3) of the Internal
E Revenue Code of 1986, or any subsequent corresponding internal
W revenue code of the United States, as amended from time to time,
) and (B) approved for the

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426 purposes of this section by ordinance of the applicable municipality;
427 and (3) "municipality" means any town, city or borough, consolidated
428 town and city or consolidated town and borough.

429 (b) Any municipality may, upon approval by its legislative body, or
430 in any town in which the legislative body is a town meeting, by the
431 board of selectmen, provide for a residential property tax credit. The
432 municipality shall determine the amount of such tax credit, except that
433 such amount shall not exceed the amount of voluntary, unrestricted
434 and irrevocable cash donations made by or on behalf of the owner of a
435 residential property located in the municipality to a community
436 supporting organization during the calendar year preceding the year
437 in which an application for such tax credit is filed. The municipality
438 may include in any such ordinance residency or other requirements
439 the municipality deems necessary or desirable.

440 (c) (1) A taxpayer that has made a voluntary, unrestricted and
441 irrevocable cash donation as set forth in subsection (b) of this section
442 may file an application for the tax credit under this section with the tax
443 collector of the municipality in which the residential property is
444 located. Except as provided in subdivision (2) of this subsection, no tax
445 credit under this section shall be allowed for an assessment year unless
446 the taxpayer or an authorized agent of the taxpayer files the application
447 on or after January first and prior to April second of the assessment
448 year in which such tax credit is being claimed.

449 (2) For the assessment year commencing October 1, 2017, no tax
450 credit under this section shall be allowed unless the taxpayer or an
451 authorized agent of the taxpayer files the application on or after
452 September 1, 2018, and prior to December 2, 2018.

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455 (3) Each applicant shall include evidence satisfactory to the tax
456 ~~collector of the total amount of such donations made during the~~ ^{Governor's Bill No. 11}
preceding calendar year to a community supporting organization and
an affidavit, on a form prescribed by the Secretary of the Office of

457 Policy and Management, affirming that such donations were made in
458 cash and were voluntary, unrestricted and irrevocable, except that for
459 the filing period set forth in subdivision (2) of this subsection, the total
460 amount of such donations made to date in the 2018 calendar year may
461 be used.

462 (d) Upon the receipt of all information required under subsection (c)
463 of this section, the tax collector shall apply the residential property tax
464 credit, subject to any limitations set forth by the municipality in the
465 authorizing ordinance, to the residential property tax due and payable
466 for the assessment year in which the application was received,
467 provided the tax collector may apply any such tax credit for the
468 assessment year commencing October 1, 2017, to any remaining
469 installment of a residential property tax for said assessment year.

470 (e) No taxpayer may use a cash donation made as set forth in
471 subsection (b) of this section to claim a tax credit with respect to more
472 than one assessment year. Any taxpayer knowingly submitting false
473 records or making a false affidavit to claim the tax credit under this
474 section shall be fined not more than five hundred dollars and shall
475 refund to the municipality the entire amount of the tax credit
476 improperly received.

477 Sec. 12~~1~~. Subparagraphs (A) and (B) of subdivision (20) of subsection
478 (a) of section 12-701 of the 2018 supplement to the general statutes are
479 repealed and the following is substituted in lieu thereof (*Effective from*
480 *passage and applicable to taxable years commencing on or after January 1,*
481 *2017*):

482 (20) "Connecticut adjusted gross income" means adjusted gross
483 income, with the following modifications:

484 (A) There shall be added thereto:

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485 (i) [to] To the extent not properly includable in gross income for
486 federal income tax purposes, any interest income from obligations

487 issued by or on behalf of any state, political subdivision thereof, or
488 public instrumentality, state or local authority, district or similar public
489 entity, exclusive of such income from obligations issued by or on behalf
490 of the state of Connecticut, any political subdivision thereof, or public
491 instrumentality, state or local authority, district or similar public entity
492 created under the laws of the state of Connecticut and exclusive of any
493 such income with respect to which taxation by any state is
494 prohibited by federal law; [,]

495 (ii) [any] Any exempt-interest dividends, as defined in Section
496 852(b)(5) of the Internal Revenue Code, exclusive of such exempt-
497 interest dividends derived from obligations issued by or on behalf of
498 the state of Connecticut, any political subdivision thereof, or public
499 instrumentality, state or local authority, district or similar public entity
500 created under the laws of the state of Connecticut and exclusive of
501 such exempt-interest dividends derived from obligations, the income
502 with respect to which taxation by any state is prohibited by federal
503 law; [,]

504 (iii) [any] Any interest or dividend income on obligations or
505 securities of any authority, commission or instrumentality of the
506 United States which federal law exempts from federal income tax but
507 does not exempt from state income taxes; [,]

508 (iv) [to] To the extent included in gross income for federal income
509 tax purposes for the taxable year, the total taxable amount of a lump
510 sum distribution for the taxable year deductible from such gross
511 income in calculating federal adjusted gross income; [,]

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(v) ~~termining the net gain or loss from the sale or other disposition of capital assets for federal income tax purposes, any loss from the sale~~ ^{Governor's Bill No. 11} or exchange of obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the

518 state of Connecticut, in the income year such loss was recognized; [.]

519 (vi) [to] To the extent deductible in determining federal adjusted
520 gross income, any income taxes imposed by this state; [.]

521 (vii) [to] To the extent deductible in determining federal adjusted
522 gross income, any interest on indebtedness incurred or continued to
523 purchase or carry obligations or securities the interest on which is
524 exempt from tax under this chapter; [.]

525 (viii) [expenses] Expenses paid or incurred during the taxable year
526 for the production or collection of income which is exempt from
527 taxation under this chapter or the management, conservation or
528 maintenance of property held for the production of such income, and
529 the amortizable bond premium for the taxable year on any bond the
530 interest on which is exempt from tax under this chapter to the extent
531 that such expenses and premiums are deductible in determining
532 federal adjusted gross income; [.]

533 (ix) [for] For property placed in service after [September 10, 2001,
534 but prior to September 11, 2004, in taxable years ending after
535 September 10, 2001] September 27, 2017, any additional allowance for
536 depreciation under subsection (k) of Section 168 of the Internal
537 Revenue Code, [as provided by Section 101 of the Job Creation and
538 Worker Assistance Act of 2002,] to the extent deductible in
539 determining federal adjusted gross income; [.]

540 (x) [to] To the extent deductible in determining federal adjusted
541 gross income, the deduction allowable as qualified domestic
542 production activities income, pursuant to Section 199 of the Internal
543 Revenue Code; [.]

544 (xi) ~~[to] To the extent not properly includable in gross income for~~
545 ~~federal income tax purposes for the taxable year, any income from the~~
546 ~~discharge of indebtedness, in taxable years ending after December 31,~~
547 ~~2008, in connection with any reacquisition, after December 31, 2008,~~

548 and before January 1, 2011, of an applicable debt instrument or
549 instruments, as those terms are defined in Section 108 of the Internal
550 Revenue Code, as amended by Section 1231 of the American Recovery
551 and Reinvestment Act of 2009, the inclusion of which income in federal
552 gross income for the taxable year is deferred, as provided by said
553 Section 1231; [;

554 (xii) [to] To the extent not properly includable in gross income for
555 federal income tax purposes, an amount equal to (I) any distribution
556 from a manufacturing reinvestment account not used in accordance
557 with subdivision (3) of subsection (c) of section 32-9zz to the extent
558 that a contribution to such account was subtracted from federal
559 adjusted gross income pursuant to clause (xix) of subparagraph (B) of
560 this subdivision in computing Connecticut adjusted gross income for
561 the current or a preceding taxable year, and (II) any return of money
562 from a manufacturing reinvestment account pursuant to subsection (d)
563 of section 32-9zz to the extent that a contribution to such account was
564 subtracted from federal adjusted gross income pursuant to clause (xix)
565 of subparagraph (B) of this subdivision in computing Connecticut
566 adjusted gross income for the current or a preceding taxable year; [;
567 and]

568 (xiii) [to] To the extent not properly includable in gross income for
569 federal income tax purposes, an amount equal to any compensation
570 required to be recognized under Section 457A of the Internal Revenue
571 Code that is attributable to services performed within this state; and

572 (xiv) For taxable years commencing on or after January 1, 2018,
573 eighty per cent of any deduction claimed for federal purposes under
574 Section 179 of the Internal Revenue Code.

575 (B) There shall be subtracted therefrom:

576 (i) [to] To the extent properly includable ~~Governor's Bill No. 11~~ federal
577 income tax purposes, any income with respect to which taxation by
578 any state is prohibited by federal law; [.]

579 (ii) [to] To the extent allowable under section 12-718, exempt
580 dividends paid by a regulated investment company; [.]

581 (iii) To the extent properly includable in gross income for federal
582 income tax purposes, the amount of any refund or credit for
583 overpayment of income taxes imposed by this state, or any other state
584 of the United States or a political subdivision thereof, or the District of
585 Columbia; [, to the extent properly includable in gross income for
586 federal income tax purposes,]

587 (iv) [to] To the extent properly includable in gross income for
588 federal income tax purposes and not otherwise subtracted from federal
589 adjusted gross income pursuant to clause (x) of this subparagraph in
590 computing Connecticut adjusted gross income, any tier 1 railroad
591 retirement benefits; [.]

592 (v) [to] To the extent any additional allowance for depreciation
593 under Section 168(k) of the Internal Revenue Code [, as provided by
594 Section 101 of the Job Creation and Worker Assistance Act of 2002,] for
595 property placed in service after [December 31, 2001, but prior to
596 September 10, 2004] September 27, 2017, was added to federal adjusted
597 gross income pursuant to subparagraph (A)(ix) of this subdivision in
598 computing Connecticut adjusted gross income, [for a taxable year
599 ending after December 31, 2001,] twenty-five per cent of such
600 additional allowance for depreciation in each of the four succeeding
601 taxable years; [.]

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(vi) ~~to~~ the extent properly includable in gross income for federal income tax purposes, any interest income from obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut; [.]

608 (vii) [to] To the extent properly includable in determining the net
609 gain or loss from the sale or other disposition of capital assets for

610 federal income tax purposes, any gain from the sale or exchange of
611 obligations issued by or on behalf of the state of Connecticut, any
612 political subdivision thereof, or public instrumentality, state or local
613 authority, district or similar public entity created under the laws of the
614 state of Connecticut, in the income year such gain was recognized; [.]

615 (viii) [any] Any interest on indebtedness incurred or continued to
616 purchase or carry obligations or securities the interest on which is
617 subject to tax under this chapter but exempt from federal income tax,
618 to the extent that such interest on indebtedness is not deductible in
619 determining federal adjusted gross income and is attributable to a trade
620 or business carried on by such individual; [.]

621 (ix) [ordinary] Ordinary and necessary expenses paid or incurred
622 during the taxable year for the production or collection of income
623 which is subject to taxation under this chapter but exempt from federal
624 income tax, or the management, conservation or maintenance of
625 property held for the production of such income, and the amortizable
626 bond premium for the taxable year on any bond the interest on which
627 is subject to tax under this chapter but exempt from federal income tax,
628 to the extent that such expenses and premiums are not deductible in
629 determining federal adjusted gross income and are attributable to a
630 trade or business carried on by such individual; [.]

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I (x) (or to January 1, 2019, for a person who files a return under the
federal income tax as an unmarried individual whose federal adjusted
) gross income for such taxable year is less than fifty thousand dollars,
[or as a married individual filing separately whose federal adjusted
f gross income for such taxable year is less than fifty thousand dollars,
o or for a husband and wife who file a return under the federal income
r tax as married individuals filing jointly whose federal adjusted gross
] income for such taxable year is less than sixty thousand dollars or a
E person who files a return under the federal income tax as a head of
o household whose federal adjusted gross income for such taxable year
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642 thousand dollars, an amount equal to the Social Security benefits
643 includable for federal income tax purposes;

644 (II) [for] For taxable years commencing prior to January 1, 2019, for
645 a person who files a return under the federal income tax as an
646 unmarried individual whose federal adjusted gross income for such
647 taxable year is fifty thousand dollars or more, or as a married
648 individual filing separately whose federal adjusted gross income for
649 such taxable year is fifty thousand dollars or more, or for a husband
650 and wife who file a return under the federal income tax as married
651 individuals filing jointly whose federal adjusted gross income from
652 such taxable year is sixty thousand dollars or more or for a person who
653 files a return under the federal income tax as a head of household
654 whose federal adjusted gross income for such taxable year is sixty
655 thousand dollars or more, an amount equal to the difference between
656 the amount of Social Security benefits includable for federal income tax
657 purposes and the lesser of twenty-five per cent of the Social Security
658 benefits received during the taxable year, or twenty-five per cent of the
659 excess described in Section 86(b)(1) of the Internal Revenue Code;

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(III) ~~for~~ ^{January} 1, 2019, and each taxable year thereafter, for a person who files a ~~return under the federal income tax as an unmarried individual whose~~ ^{Governor's Bill No. 11} whose federal adjusted gross income for such taxable year is less than seventy-five thousand dollars, or as a married individual filing separately whose federal adjusted gross income for such taxable year is less than seventy-five thousand dollars, or for a husband and wife who file a return under the federal income tax as married individuals filing jointly whose federal adjusted gross income for such taxable year is less than one hundred thousand dollars or a person who files a return under the federal income tax as a head of household whose federal adjusted gross income for such taxable year is less than one hundred thousand dollars, an amount equal to the Social Security benefits includable for federal income tax purposes; and

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674 (IV) [for] For the taxable year commencing January 1, 2019, and each
675 taxable year thereafter, for a person who files a return under the federal
676 income tax as an unmarried individual whose federal adjusted gross
677 income for such taxable year is seventy-five thousand dollars or more,
678 or as a married individual filing separately whose federal adjusted
679 gross income for such taxable year is seventy-five thousand dollars or
680 more, or for a husband and wife who file a return under the federal
681 income tax as married individuals filing jointly whose federal adjusted
682 gross income from such taxable year is one hundred thousand
683 dollars or more or for a person who files a return under the federal
684 income tax as a head of household whose federal adjusted gross
685 income for such taxable year is one hundred thousand dollars or more,
686 an amount equal to the difference between the amount of Social
687 Security benefits includable for federal income tax purposes and the
688 lesser of twenty-five per cent of the Social Security benefits received
689 during the taxable year, or twenty-five per cent of the excess described
690 in Section 86(b)(1) of the Internal Revenue Code; [,]

691 (xi) [to] To the extent properly includable in gross income for
692 federal income tax purposes, any amount rebated to a taxpayer
693 pursuant to section 12-746; [,]

694 (xii) [to] To the extent properly includable in the gross income for
695 federal income tax purposes of a designated beneficiary, any
696 distribution to such beneficiary from any qualified state tuition
697 program, as defined in Section 529(b) of the Internal Revenue Code,
698 established and maintained by this state or any official, agency or
699 instrumentality of the state; [,]

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(xiii) ~~701a~~, contributions to accounts established pursuant to any qualified
state tuition program, as defined in ~~Section 52(a) of the Internal~~ ^{Governor's Bill No. 11} Revenue Code, established and maintained by this state or any official,
agency or instrumentality of the state; []

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705 (xiv) [to] To the extent properly includable in gross income for
706 federal income tax purposes, the amount of any Holocaust victims'
707 settlement payment received in the taxable year by a Holocaust victim;
708 [] -

709 (xv) [to] To the extent properly includable in gross income for
710 federal income tax purposes of an account holder, as defined in section
711 31-51ww, interest earned on funds deposited in the individual
712 development account, as defined in section 31-51ww, of such account
713 holder; [] -

714 (xvi) [to] To the extent properly includable in the gross income for
715 federal income tax purposes of a designated beneficiary, as defined in
716 section 3-123aa, interest, dividends or capital gains earned on
717 contributions to accounts established for the designated beneficiary
718 pursuant to the Connecticut Homecare Option Program for the Elderly
719 established by sections 3-123aa to 3-123ff, inclusive; [] -

720 (xvii) [to] To the extent properly includable in gross income for
721 federal income tax purposes, any income received from the United
722 States government as retirement pay for a retired member of (I) the
723 Armed Forces of the United States, as defined in Section 101 of Title 10
724 of the United States Code, or (II) the National Guard, as defined in
725 Section 101 of Title 10 of the United States Code; [] -

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(xviii) ~~is~~ income for federal income tax purposes for the taxable year, any ~~income from the discharge of indebtedness in connection with any~~ ^{Governor's Bill No. 11} reacquisition, after December 31, 2008, and before January 1, 2011, of an applicable debt instrument or instruments, as those terms are defined in Section 108 of the Internal Revenue Code, as amended by Section 1231 of the American Recovery and Reinvestment Act of 2009, to the extent any such income was added to federal adjusted gross income pursuant to subparagraph (A)(xi) of this subdivision in computing Connecticut adjusted gross income for a preceding taxable year; []

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736 (xix) [to] To the extent not deductible in determining federal
737 adjusted gross income, the amount of any contribution to a
738 manufacturing reinvestment account established pursuant to section
739 32-9zz in the taxable year that such contribution is made; [.]

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740 (xx) [to] To the extent properly includable in gross income for
741 federal income tax purposes, (I) for the taxable year commencing
742 January 1, 2015, ten per cent of the income received from the state
743 teachers' retirement system, (II) for the taxable years commencing
744 January 1, 2016, January 1, 2017, and January 1, 2018, twenty-five per
745 cent of the income received from the state teachers' retirement system,
746 and (III) for the taxable year commencing January 1, 2019, and each
747 taxable year thereafter, fifty per cent of the income received from the
748 state teachers' retirement system or the percentage, if applicable,
749 pursuant to clause (xxi) of this subparagraph; [.]

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(xxi) gross income for federal income tax purposes, except for retirement ~~benefits under clause (iv) of this subparagraph and retirement pay~~ ^{Governor's Bill No. 11} under clause (xvii) of this subparagraph, for a person who files a return under the federal income tax as an unmarried individual whose federal adjusted gross income for such taxable year is less than seventy-five thousand dollars, or as a married individual filing separately whose federal adjusted gross income for such taxable year is less than seventy-five thousand dollars, or as a head of household whose federal adjusted gross income for such taxable year is less than seventy-five thousand dollars, or for a husband and wife who file a return under the federal income tax as married individuals filing jointly whose federal adjusted gross income for such taxable year is less than one hundred thousand dollars, (I) for the taxable year commencing January 1, 2019, fourteen per cent of any pension or annuity income, (II) for the taxable year commencing January 1, 2020, twenty-eight per cent of any pension or annuity income, (III) for the taxable year commencing January 1, 2021, forty- two per cent of any pension or annuity income, (IV) for the taxable year commencing January 1, 2022, fifty-six per cent of any pension or

769 annuity income, (V) for the taxable year commencing January 1, 2023,
770 seventy per cent of any pension or annuity income, (VI) for the taxable
771 year commencing January 1, 2024, eighty-four per cent of any pension
772 or annuity income, and (VII) for the taxable year commencing January
773 1, 2025, any pension or annuity income; [,]

774 (xxii) [the] The amount of lost wages and medical, travel and
775 housing expenses, not to exceed ten thousand dollars in the aggregate,
776 incurred by a taxpayer during the taxable year in connection with the
777 donation to another person of an organ for organ transplantation
778 occurring on or after January 1, 2017; [, and]

779 (xxiii) [to] To the extent properly includable in gross income for
780 federal income tax purposes, the amount of any financial assistance
781 received from the Crumbling Foundations Assistance Fund or paid to
782 or on behalf of the owner of a residential building pursuant to sections
783 8-442 and 8-443; and

784 (xxiv) To the extent any portion of a deduction under Section 179 of
785 the Internal Revenue Code was added to federal adjusted gross income
786 pursuant to subparagraph (A)(xiv) of this subdivision in computing
787 Connecticut adjusted gross income, twenty-five per cent of such
788 disallowed portion of the deduction in each of the four succeeding
789 taxable years.

790 Sec. 132. Subsection (b) of section 12-217 of the 2018 supplement to
791 the general statutes is repealed and the following is substituted in lieu
792 thereof (*Effective from passage*):

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(b) (under this section, the deduction allowed for depreciation shall be
1 ~~determined as provided under the Internal Revenue Code of 1986, or~~
) any subsequent corresponding internal revenue code of the United
F States, as from time to time amended, provided in making such
o determination, the provisions of Section 168(k) of said code shall not
r apply.

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799 (2) (A) For purposes of determining net income under this section
800 for taxable years ending after December 31, 2008, and to the extent any
801 income from the discharge of indebtedness, under Section 108 of the
802 Internal Revenue Code, as amended by Section 1231 of the American
803 Recovery and Reinvestment Act of 2009, in connection with any
804 reacquisition, after December 31, 2008, and before January 1, 2011, of
805 an applicable debt instrument or instruments, as those terms are
806 defined in said Section 108, as amended by said Section 1231, is not
807 properly includable in gross income for federal income tax purposes
808 for the taxable year, any deferral of the recognition of any such income
809 shall not be allowed.

810 (B) To the extent that any income from the discharge of
811 indebtedness in connection with any reacquisition, after December 31,
812 2008, and before January 1, 2011, of an applicable debt instrument or
813 instruments, as those terms are defined in Section 108 of the Internal
814 Revenue Code, as amended by Section 1231 of the American Recovery
815 and Reinvestment Act of 2009, is properly includable in gross income
816 for federal income tax purposes for the taxable year, any such income
817 shall be deductible in computing net income under this section for a
818 taxable year ending after December 31, 2008, to the extent that the
819 deferral of recognition of such income from such discharge was not
820 allowed pursuant to subparagraph (A) of this subdivision in
821 computing net income for a preceding taxable year.

822 (C) For income years commencing on or after January 1, 2018, eighty
823 per cent of any deduction claimed under Section 179 of the Internal
824 Revenue Code for federal income tax purposes shall be disallowed. To
825 the extent such a deduction is disallowed for purposes of computing
826 the tax under this chapter, twenty-five per cent of the disallowed
827 portion of the deduction shall be allowed as a deduction in each of the
828 four succeeding income years.

829 Sec. 134. Subdivision (2) of subsection (a) of section 12-217 of the 2018
830 ~~supplement to the general statutes is repeated and the following is~~ *Governor's Bill No. 11*

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831 substituted in lieu thereof (*Effective from passage and applicable to income*
832 *years commencing on or after January 1, 2017*):

833 (2) (A) No deduction shall be allowed for [(A)] (i) expenses related
834 to dividends [which] that are allowable as a deduction or credit under
835 the Internal Revenue Code, and [(B)] (ii) federal taxes on income or
836 profits, losses of other calendar or fiscal years, retroactive to include all
837 calendar or fiscal years beginning after January 1, 1935, interest
838 received from federal, state and local government securities, if any
839 such deductions are allowed by the federal government.

840 (B) For purposes of this subdivision, expenses related to dividends
841 shall equal ten per cent of all dividends received by a company during
842 an income year. The net income associated with the disallowance of
843 expenses related to dividends shall be apportioned, if the company
844 conducts business within and without the state or is required to
845 apportion its income under section 12-218b, in accordance with this
846 chapter. A company may petition the commissioner for an alternate
847 percentage if the company believes the expenses related to dividends
848 that were incurred during the income year and prior income years are
849 less than ten per cent of such dividends. The company shall submit
850 any such petition to the commissioner not later than sixty days prior to
851 the due date of the return for the applicable income year, determined
852 with regard to any extension of time granted for filing such return. The
853 commissioner may grant the petition if the commissioner determines
854 that the company has established by clear and convincing evidence
855 that the company's proposed alternate percentage accurately reflects
856 the company's expenses related to the dividends the company
857 received. The commissioner shall grant or deny any such petition before
858 such due date of the return.

859 861
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S f the 2018 supplement to the general statutes is repealed and the
e ~~following is substituted in lieu thereof (Effective from passage)~~ **Governor's Bill No. 11**

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862 (g) (1) With respect to the estates of decedents dying on or after
 863 January 1, 2005, but prior to January 1, 2010, the tax based on the
 864 Connecticut taxable estate shall be as provided in the following
 865 schedule:

T1	Amount of Connecticut	
T2	Taxable Estate	Rate of Tax
T3	Not over \$2,000,000	None
T4	Over \$2,000,000	
T5	but not over \$2,100,000	5.085% of the excess over \$0
T6	Over \$2,100,000	\$106,800 plus 8% of the excess
T7	but not over \$2,600,000	over \$2,100,000
T8	Over \$2,600,000	\$146,800 plus 8.8% of the excess
T9	but not over \$3,100,000	over \$2,600,000
T10	Over \$3,100,000	\$190,800 plus 9.6% of the excess
T11	but not over \$3,600,000	over \$3,100,000
T12	Over \$3,600,000	\$238,800 plus 10.4% of the excess
T13	but not over \$4,100,000	over \$3,600,000
T14	Over \$4,100,000	\$290,800 plus 11.2% of the excess
T15	but not over \$5,100,000	over \$4,100,000
T16	Over \$5,100,000	\$402,800 plus 12% of the excess
T17	but not over \$6,100,000	over \$5,100,000
T18	Over \$6,100,000	\$522,800 plus 12.8% of the excess
T19	but not over \$7,100,000	over \$6,100,000
T20	Over \$7,100,000	\$650,800 plus 13.6% of the excess
T21	but not over \$8,100,000	over \$7,100,000
T22	Over \$8,100,000	\$786,800 plus 14.4% of the excess
T23	but not over \$9,100,000	over \$8,100,000
T24	Over \$9,100,000	\$930,800 plus 15.2% of the excess
T25	but not over \$10,100,000	over \$9,100,000
T26	Over \$10,100,000	\$1,082,800 plus 16% of the excess
T27		over \$10,100,000

866 (2) With respect to the estates of decedents dying on or after January
 867 1, 2010, but prior to January 1, 2011, the tax based on the Connecticut
 868 taxable estate shall be as provided in the following schedule:

T28	Amount of Connecticut	
T29	Taxable Estate	Rate of Tax
T30	Not over \$3,500,000	None
T31	Over \$3,500,000	7.2% of the excess
T32	but not over \$3,600,000	over \$3,500,000
T33	Over \$3,600,000	\$7,200 plus 7.8% of the excess
T34	but not over \$4,100,000	over \$3,600,000
T35	Over \$4,100,000	\$46,200 plus 8.4% of the excess
T36	but not over \$5,100,000	over \$4,100,000
T37	Over \$5,100,000	\$130,200 plus 9.0% of the excess
T38	but not over \$6,100,000	over \$5,100,000
T39	Over \$6,100,000	\$220,200 plus 9.6% of the excess
T40	but not over \$7,100,000	over \$6,100,000
T41	Over \$7,100,000	\$316,200 plus 10.2% of the excess
T42	but not over \$8,100,000	over \$7,100,000
T43	Over \$8,100,000	\$418,200 plus 10.8% of the excess
T44	but not over \$9,100,000	over \$8,100,000
T45	Over \$9,100,000	\$526,200 plus 11.4% of the excess
T46	but not over \$10,100,000	over \$9,100,000
T47	Over \$10,100,000	\$640,200 plus 12% of the excess
T48		over \$10,100,000

869 (3) With respect to the estates of decedents dying on or after January
 870 1, 2011, but prior to January 1, 2018, the tax based on the Connecticut
 871 taxable estate shall be as provided in the following schedule:

T49	Amount of Connecticut	
T50	Taxable Estate	Rate of Tax

T51 Not over \$2,000,000 None **Governor's Bill No. 11**

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T52	Over \$2,000,000	7.2% of the excess
T53	but not over \$3,600,000	over \$2,000,000
T54	Over \$3,600,000	\$115,200 plus 7.8% of the excess
T55	but not over \$4,100,000	over \$3,600,000
T56	Over \$4,100,000	\$154,200 plus 8.4% of the excess
T57	but not over \$5,100,000	over \$4,100,000
T58	Over \$5,100,000	\$238,200 plus 9.0% of the excess
T59	but not over \$6,100,000	over \$5,100,000
T60	Over \$6,100,000	\$328,200 plus 9.6% of the excess
T61	but not over \$7,100,000	over \$6,100,000
T62	Over \$7,100,000	\$424,200 plus 10.2% of the excess
T63	but not over \$8,100,000	over \$7,100,000
T64	Over \$8,100,000	\$526,200 plus 10.8% of the excess
T65	but not over \$9,100,000	over \$8,100,000
T66	Over \$9,100,000	\$634,200 plus 11.4% of the excess
T67	but not over \$10,100,000	over \$9,100,000
T68	Over \$10,100,000	\$748,200 plus 12% of the excess
T69		over \$10,100,000

872 (4) With respect to the estates of decedents dying on or after January
 873 1, 2018, but prior to January 1, 2019, the tax based on the Connecticut
 874 taxable estate shall be as provided in the following schedule:

T70	Amount of Connecticut	
T71	Taxable Estate	Rate of Tax
T72	Not over \$2,600,000	None
T73	Over \$2,600,000	7.2% of the excess
T74	but not over \$3,600,000	over \$2,600,000
T75	Over \$3,600,000	\$72,000 plus 7.8% of the excess
T76	but not over \$4,100,000	over \$3,600,000
T77	Over \$4,100,000	\$111,000 plus 8.4% of the excess
T78	but not over \$5,100,000	over \$4,100,000

T79 Over \$5,100,000 \$195,000 plus 10% of the excess
Governor's Bill No. 11

T80	but not over \$6,100,000	over \$5,100,000
T81	Over \$6,100,000	\$295,000 plus 10.4% of the excess
T82	but not over \$7,100,000	over \$6,100,000
T83	Over \$7,100,000	\$399,900 plus 10.8% of the excess
T84	but not over \$8,100,000	over \$7,100,000
T85	Over \$8,100,000	\$507,000 plus 11.2% of the excess
T86	but not over \$9,100,000	over \$8,100,000
T87	Over \$9,100,000	\$619,000 plus 11.6% of the excess
T88	but not over \$10,100,000	over \$9,100,000
T89	Over \$10,100,000	\$735,000 plus 12% of the excess
T90		over \$10,100,000

875 (5) With respect to the estates of decedents dying on or after January
 876 1, 2019, but prior to January 1, 2020, the tax based on the Connecticut
 877 taxable estate shall be as provided in the following schedule:

T91	Amount of Connecticut	
T92	Taxable Estate	Rate of Tax
T93	Not over \$3,600,000	None
T94	Over \$3,600,000	7.8% of the excess
T95	but not over \$4,100,000	over \$3,600,000
T96	Over \$4,100,000	\$39,000 plus 8.4% of the excess
T97	but not over \$5,100,000	over \$4,100,000
T98	Over \$5,100,000	\$123,000 plus 10% of the excess
T99	but not over \$6,100,000	over \$5,100,000
T100	Over \$6,100,000	\$223,000 plus 10.4% of the excess
T101	but not over \$7,100,000	over \$6,100,000
T102	Over \$7,100,000	\$327,000 plus 10.8% of the excess
T103	but not over \$8,100,000	over \$7,100,000
T104	Over \$8,100,000	\$435,000 plus 11.2% of the excess
T105	but not over \$9,100,000	over \$8,100,000
T106	Over \$9,100,000	\$547,000 plus 11.6% of the excess

T107 but not over \$10,100,000 over \$9,100,000
Governor's Bill No. 11

T108 Over \$10,100,000 \$663,000 plus 12% of the excess
 T109 over \$10,100,000

878 (6) With respect to the estates of decedents dying on or after January
 879 1, 2020, but prior to January 1, 2021, the tax based on the Connecticut
 880 taxable estate shall be as provided in the following schedule:

T110	[Amount of Connecticut	
T111	Taxable Estate	Rate of Tax
T112	Not over the	None
T113	federal basic exclusion amount	
T114	Over the	10% of the excess over the
T115	federal basic exclusion amount	federal basic exclusion amount
T116	but not over \$6,100,000	
T117	Over \$6,100,000	10.4% of the excess over the
T118	but not over \$7,100,000	federal basic exclusion amount
T119	Over \$7,100,000	10.8% of the excess over the
T120	but not over \$8,100,000	federal basic exclusion amount
T121	Over \$8,100,000	11.2% of the excess over the
T122	but not over \$9,100,000	federal basic exclusion amount
T123	Over \$9,100,000	11.6% of the excess over the
T124	but not over \$10,100,000	federal basic exclusion amount
T125	Over \$10,100,000	12% of the excess over the
T126		federal basic exclusion amount]

T127	<u>Amount of Connecticut</u>	
T128	<u>Taxable Estate</u>	<u>Rate of Tax</u>
T129	<u>Not over \$5,100,000</u>	<u>None</u>
T130	<u>Over \$5,100,000</u>	<u>10% of the excess</u>
T131	<u>but not over \$6,100,000</u>	<u>over \$5,100,000</u>
T132	<u>Over \$6,100,000</u>	<u>\$100,000 plus 10.4% of the excess</u>

T133 but not over \$7,100,000 over \$6,100,000
Governor's Bill No. 11

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T134	<u>Over \$7,100,000</u>	<u>\$204,000 plus 10.8% of the excess</u>
T135	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T136	<u>Over \$8,100,000</u>	<u>\$312,000 plus 11.2% of the excess</u>
T137	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T138	<u>Over \$9,100,000</u>	<u>\$424,000 plus 11.6% of the excess</u>
T139	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T140	<u>Over \$10,100,000</u>	<u>\$540,000 plus 12% of the excess</u>
T141		<u>over \$10,100,000</u>

881 (7)With respect to the estates of decedents dying on or after January
 882 1, 2021, but prior to January 1, 2022, the tax based on the Connecticut
 883 taxable estate shall be as provided in the following schedule:

T142	<u>Amount of Connecticut</u>	
T143	<u>Taxable Estate</u>	<u>Rate of Tax</u>
T144	<u>Not over \$7,100,000</u>	<u>None</u>
T145	<u>Over \$7,100,000</u>	<u>10.8% of the excess</u>
T146	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T147	<u>Over \$8,100,000</u>	<u>\$108,000 plus 11.2% of the excess</u>
T148	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T149	<u>Over \$9,100,000</u>	<u>\$220,000 plus 11.6% of the excess</u>
T150	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T151	<u>Over \$10,100,000</u>	<u>\$336,000 plus 12% of the excess</u>
T152		<u>over \$10,100,000</u>

884 (8)With respect to the estates of decedents dying on or after January
 885 1, 2022, but prior to January 1, 2023, the tax based on the Connecticut
 886 taxable estate shall be as provided in the following schedule:

T153	<u>Amount of Connecticut</u>	
T154	<u>Taxable Estate</u>	<u>Rate of Tax</u>

T155 Not over \$9,100,000 None **Governor's Bill No. 11**

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T156	<u>Over \$9,100,000</u>	<u>11.6% of the excess</u>
T157	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T158	<u>Over \$10,100,000</u>	<u>\$116,000 plus 12% of the excess</u>
T159		<u>over \$10,100,000</u>

887 (9)With respect to the estates of decedents dying on or after January
 888 1, 2023, the tax based on the Connecticut taxable estate shall be as
 889 provided in the following schedule:

T160	<u>Amount of Connecticut</u>	
T161	<u>Taxable Estate</u>	<u>Rate of Tax</u>
T162	<u>Not over the</u>	<u>None</u>
T163	<u>federal basic exclusion amount</u>	
T164	<u>Over the</u>	<u>12% of the excess over the</u>
T165	<u>federal basic exclusion amount</u>	<u>federal basic exclusion amount</u>

890 Sec. 165. Subsection (a) of section 12-642 of the 2018 supplement to
 891 the general statutes is repealed and the following is substituted in lieu
 892 thereof (*Effective from passage*):

893 (a) (1) With respect to calendar years commencing prior to January
 894 1, 2001, the tax imposed by section 12-640 for the calendar year shall be
 895 at a rate of the taxable gifts made by the donor during the calendar
 896 year set forth in the following schedule:

T166	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T167	<u>Not over \$25,000</u>	<u>1%</u>
T168	<u>Over \$25,000</u>	<u>\$250, plus 2% of the excess</u>
T169	<u>but not over \$50,000</u>	<u>over \$25,000</u>
T170	<u>Over \$50,000</u>	<u>\$750, plus 3% of the excess</u>
T171	<u>but not over \$75,000</u>	<u>over \$50,000</u>

T172	Over \$75,000	\$1,500, plus 4% of the excess	Governor's Bill No. 11
T173	but not over \$100,000	over \$75,000	

T174	Over \$100,000	\$2,500, plus 5% of the excess
T175	but not over \$200,000	over \$100,000
T176	Over \$200,000	\$7,500, plus 6% of the excess
T177		over \$200,000

897 (2) With respect to the calendar years commencing January 1, 2001,
 898 January 1, 2002, January 1, 2003, and January 1, 2004, the tax imposed
 899 by section 12-640 for each such calendar year shall be at a rate of the
 900 taxable gifts made by the donor during the calendar year set forth in
 901 the following schedule:

T178	Amount of Taxable Gifts	Rate of Tax
T179	Over \$25,000	\$250, plus 2% of the excess
T180	but not over \$50,000	over \$25,000
T181	Over \$50,000	\$750, plus 3% of the excess
T182	but not over \$75,000	over \$50,000
T183	Over \$75,000	\$1,500, plus 4% of the excess
T184	but not over \$100,000	over \$75,000
T185	Over \$100,000	\$2,500, plus 5% of the excess
T186	but not over \$675,000	over \$100,000
T187	Over \$675,000	\$31,250, plus 6% of the excess
T188		over \$675,000

902 (3) With respect to Connecticut taxable gifts, as defined in section
 903 12-643, made by a donor during a calendar year commencing on or
 904 after January 1, 2005, but prior to January 1, 2010, including the
 905 aggregate amount of all Connecticut taxable gifts made by the donor
 906 during all calendar years commencing on or after January 1, 2005, but
 907 prior to January 1, 2010, the tax imposed by section 12-640 for the
 908 calendar year shall be at the rate set forth in the following schedule,
 909 with a credit allowed against such tax for any tax previously paid to
 910 this state pursuant to this subdivision:

T189	Amount of Taxable Gifts	Rate of Tax
T190	Not over \$2,000,000	None
T191	Over \$2,000,000	
T192	but not over \$2,100,000	5.085% of the excess over \$0
T193	Over \$2,100,000	\$106,800 plus 8% of the excess
T194	but not over \$2,600,000	over \$2,100,000
T195	Over \$2,600,000	\$146,800 plus 8.8% of the excess
T196	but not over \$3,100,000	over \$2,600,000
T197	Over \$3,100,000	\$190,800 plus 9.6% of the excess
T198	but not over \$3,600,000	over \$3,100,000
T199	Over \$3,600,000	\$238,800 plus 10.4% of the excess
T200	but not over \$4,100,000	over \$3,600,000
T201	Over \$4,100,000	\$290,800 plus 11.2% of the excess
T202	but not over \$5,100,000	over \$4,100,000
T203	Over \$5,100,000	\$402,800 plus 12% of the excess
T204	but not over \$6,100,000	over \$5,100,000
T205	Over \$6,100,000	\$522,800 plus 12.8% of the excess
T206	but not over \$7,100,000	over \$6,100,000
T207	Over \$7,100,000	\$650,800 plus 13.6% of the excess
T208	but not over \$8,100,000	over \$7,100,000
T209	Over \$8,100,000	\$786,800 plus 14.4% of the excess
T210	but not over \$9,100,000	over \$8,100,000
T211	Over \$9,100,000	\$930,800 plus 15.2% of the excess
T212	but not over \$10,100,000	over \$9,100,000
T213	Over \$10,100,000	\$1,082,800 plus 16% of the excess
T214		over \$10,100,000

911 (4) With respect to Connecticut taxable gifts, as defined in section
 912 12-643, made by a donor during a calendar year commencing on or
 913 after January 1, 2010, but prior to January 1, 2011, including the
 914 aggregate amount of all Connecticut taxable gifts made by the donor
 915 during all calendar years commencing on or after January 1, 2005, the
 916 tax imposed by section 12-640 for the calendar year shall be at the rate

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917 set forth in the following schedule, with a credit allowed against such
 918 tax for any tax previously paid to this state pursuant to this
 919 subdivision or pursuant to subdivision (3) of this subsection, provided
 920 such credit shall not exceed the amount of tax imposed by this section:

T215	Amount of Taxable Gifts	Rate of Tax
T216	Not over \$3,500,000	None
T217	Over \$3,500,000	7.2% of the excess
T218	but not over \$3,600,000	over \$3,500,000
T219	Over \$3,600,000	\$7,200 plus 7.8% of the excess
T220	but not over \$4,100,000	over \$3,600,000
T221	Over \$4,100,000	\$46,200 plus 8.4% of the excess
T222	but not over \$5,100,000	over \$4,100,000
T223	Over \$5,100,000	\$130,200 plus 9.0% of the excess
T224	but not over \$6,100,000	over \$5,100,000
T225	Over \$6,100,000	\$220,200 plus 9.6% of the excess
T226	but not over \$7,100,000	over \$6,100,000
T227	Over \$7,100,000	\$316,200 plus 10.2% of the excess
T228	but not over \$8,100,000	over \$7,100,000
T229	Over \$8,100,000	\$418,200 plus 10.8% of the excess
T230	but not over \$9,100,000	over \$8,100,000
T231	Over \$9,100,000	\$526,200 plus 11.4% of the excess
T232	but not over \$10,100,000	over \$9,100,000
T233	Over \$10,100,000	\$640,200 plus 12% of the excess
T234		over \$10,100,000

921 (5) With respect to Connecticut taxable gifts, as defined in section
 922 12-643, made by a donor during a calendar year commencing on or
 923 after January 1, 2011, but prior to January 1, 2018, including the
 924 aggregate amount of all Connecticut taxable gifts made by the donor
 925 during all calendar years commencing on or after January 1, 2005, the
 926 tax imposed by section 12-640 for the calendar year shall be at the rate
 927 set forth in the following schedule, with a credit allowed against such

928 tax for any tax previously paid to this state pursuant to this
 929 subdivision or pursuant to subdivision (3) or (4) of this subsection,
 930 provided such credit shall not exceed the amount of tax imposed by
 931 this section:

T235	Amount of Taxable Gifts	Rate of Tax
T236	Not over \$2,000,000	None
T237	Over \$2,000,000	7.2% of the excess
T238	but not over \$3,600,000	over \$2,000,000
T239	Over \$3,600,000	\$115,200 plus 7.8% of the excess
T240	but not over \$4,100,000	over \$3,600,000
T241	Over \$4,100,000	\$154,200 plus 8.4% of the excess
T242	but not over \$5,100,000	over \$4,100,000
T243	Over \$5,100,000	\$238,200 plus 9.0% of the excess
T244	but not over \$6,100,000	over \$5,100,000
T245	Over \$6,100,000	\$328,200 plus 9.6% of the excess
T246	but not over \$7,100,000	over \$6,100,000
T247	Over \$7,100,000	\$424,200 plus 10.2% of the excess
T248	but not over \$8,100,000	over \$7,100,000
T249	Over \$8,100,000	\$526,200 plus 10.8% of the excess
T250	but not over \$9,100,000	over \$8,100,000
T251	Over \$9,100,000	\$634,200 plus 11.4% of the excess
T252	but not over \$10,100,000	over \$9,100,000
T253	Over \$10,100,000	\$748,200 plus 12% of the excess
T254		over \$10,100,000

932 (6) With respect to Connecticut taxable gifts, as defined in section
 933 12-643, made by a donor during a calendar year commencing on or
 934 after January 1, 2018, but prior to January 1, 2019, including the
 935 aggregate amount of all Connecticut taxable gifts made by the donor
 936 during all calendar years commencing on or after January 1, 2005, the
 937 tax imposed by section 12-640 for the calendar year shall be at the rate
 938 set forth in the following schedule, with a credit allowed against such

939 tax for any tax previously paid to this state pursuant to this
 940 subdivision or pursuant to subdivision (3), (4) or (5) of this subsection,
 941 provided such credit shall not exceed the amount of tax imposed by
 942 this section:

T255	Amount of Taxable Gifts	Rate of Tax
T256	Not over \$2,600,000	None
T257	Over \$2,600,000	7.2% of the excess
T258	but not over \$3,600,000	over \$2,600,000
T259	Over \$3,600,000	\$72,000 plus 7.8% of the excess
T260	but not over \$4,100,000	over \$3,600,000
T261	Over \$4,100,000	\$111,000 plus 8.4% of the excess
T262	but not over \$5,100,000	over \$4,100,000
T263	Over \$5,100,000	\$195,000 plus 10% of the excess
T264	but not over \$6,100,000	over \$5,100,000
T265	Over \$6,100,000	\$295,000 plus 10.4% of the excess
T266	but not over \$7,100,000	over \$6,100,000
T267	Over \$7,100,000	\$399,900 plus 10.8% of the excess
T268	but not over \$8,100,000	over \$7,100,000
T269	Over \$8,100,000	\$507,000 plus 11.2% of the excess
T270	but not over \$9,100,000	over \$8,100,000
T271	Over \$9,100,000	\$619,000 plus 11.6% of the excess
T272	but not over \$10,100,000	over \$9,100,000
T273	Over \$10,100,000	\$735,000 plus 12% of the excess
T274		over \$10,100,000

943 (7) With respect to Connecticut taxable gifts, as defined in section
 944 12-643, made by a donor during a calendar year commencing on or
 945 after January 1, 2019, but prior to January 1, 2020, including the
 946 aggregate amount of all Connecticut taxable gifts made by the donor
 947 during all calendar years commencing on or after January 1, 2005, the
 948 tax imposed by section 12-640 for the calendar year shall be at the rate
 949 set forth in the following schedule, with a credit allowed against such

950 tax for any tax previously paid to this state pursuant to this
 951 subdivision or pursuant to subdivision (3), (4), (5) or (6) of this
 952 subsection, provided such credit shall not exceed the amount of tax
 953 imposed by this section:

T275	Amount of Taxable Gifts	Rate of Tax
T276	Not over \$3,600,000	None
T277	Over \$3,600,000	7.8% of the excess
T278	but not over \$4,100,000	over \$3,600,000
T279	Over \$4,100,000	\$39,000 plus 8.4% of the excess
T280	but not over \$5,100,000	over \$4,100,000
T281	Over \$5,100,000	\$123,000 plus 10% of the excess
T282	but not over \$6,100,000	over \$5,100,000
T283	Over \$6,100,000	\$223,000 plus 10.4% of the excess
T284	but not over \$7,100,000	over \$6,100,000
T285	Over \$7,100,000	\$327,000 plus 10.8% of the excess
T286	but not over \$8,100,000	over \$7,100,000
T287	Over \$8,100,000	\$435,000 plus 11.2% of the excess
T288	but not over \$9,100,000	over \$8,100,000
T289	Over \$9,100,000	\$547,000 plus 11.6% of the excess
T290	but not over \$10,100,000	over \$9,100,000
T291	Over \$10,100,000	\$663,000 plus 12% of the excess
T292		over \$10,100,000

954 (8) With respect to Connecticut taxable gifts, as defined in section
 955 12-643, made by a donor during a calendar year commencing on or
 956 after January 1, 2020, but prior to January 1, 2021, including the
 957 aggregate amount of all Connecticut taxable gifts made by the donor
 958 during all calendar years commencing on or after January 1, 2005, the
 959 tax imposed by section 12-640 for the calendar year shall be at the rate
 960 set forth in the following schedule, with a credit allowed against such
 961 tax for any tax previously paid to this state pursuant to this
 962 subdivision or pursuant to subdivision (3), (4), (5), (6) or (7) of this

963 subsection, provided such credit shall not exceed the amount of tax
 964 imposed by this section:

T293	<u>[Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T294	Not over the	None
T295	federal basic exclusion amount,	
T296	as defined in section 12-643	
T297	Over the	10% of the excess over the
T298	federal basic exclusion amount	federal basic exclusion amount
T299	but not over \$6,100,000	
T300	Over \$6,100,000	10.4% of the excess over the
T301	but not over \$7,100,000	federal basic exclusion amount
T302	Over \$7,100,000	10.8% of the excess over the
T303	but not over \$8,100,000	federal basic exclusion amount
T304	Over \$8,100,000	11.2% of the excess over the
T305	but not over \$9,100,000	federal basic exclusion amount
T306	Over \$9,100,000	11.6% of the excess over the
T307	but not over \$10,100,000	federal basic exclusion amount
T308	Over \$10,100,000	12% of the excess over the
T309		federal basic exclusion amount]

T310	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T311	<u>Not over \$5,100,000</u>	<u>None</u>
T312	<u>Over \$5,100,000</u>	<u>10% of the excess</u>
T313	<u>but not over \$6,100,000</u>	<u>over \$5,100,000</u>
T314	<u>Over \$6,100,000</u>	<u>\$100,000 plus 10.4% of the excess</u>
T315	<u>but not over \$7,100,000</u>	<u>over \$6,100,000</u>
T316	<u>Over \$7,100,000</u>	<u>\$204,000 plus 10.8% of the excess</u>
T317	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T318	<u>Over \$8,100,000</u>	<u>\$312,000 plus 11.2% of the excess</u>
T319	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T320	<u>Over \$9,100,000</u>	<u>\$424,000 plus 11.6% of the excess</u>

T321 but not over \$10,100,000 over \$9,100,000
Governor's Bill No. 11

LCO No. 357

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T322 Over \$10,100,000 \$540,000 plus 12% of the excess
 T323 over \$10,100,000

965 (9)With respect to Connecticut taxable gifts, as defined in section
 966 12-643, made by a donor during a calendar year commencing on or
 967 after January 1, 2021, but prior to January 1, 2022, including the
 968 aggregate amount of all Connecticut taxable gifts made by the donor
 969 during all calendar years commencing on or after January 1, 2005, the
 970 tax imposed by section 12-640 for the calendar year shall be at the rate
 971 set forth in the following schedule, with a credit allowed against such
 972 tax for any tax previously paid to this state pursuant to this
 973 subdivision or pursuant to subdivision (3), (4), (5), (6), (7) or (8) of this
 974 subsection, provided such credit shall not exceed the amount of tax
 975 imposed by this section:

T324	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T325	<u>Not over \$7,100,000</u>	<u>None</u>
T326	<u>Over \$7,100,000</u>	<u>10.8% of the excess</u>
T327	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T328	<u>Over \$8,100,000</u>	<u>\$108,000 plus 11.2% of the excess</u>
T329	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T330	<u>Over \$9,100,000</u>	<u>\$220,000 plus 11.6% of the excess</u>
T331	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T332	<u>Over \$10,100,000</u>	<u>\$336,000 plus 12% of the excess</u>
T333		<u>over \$10,100,000</u>

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(10) With respect to Connecticut taxable gifts, as defined in section 12-643, made
by a donor during a calendar year commencing on or after January
1, 2022, but prior to January 1, 2023, including the aggregate amount
of all Connecticut taxable gifts made by the donor during all calendar
years commencing on or after January 1, 2005, the tax imposed by
section 12-640 for the calendar year shall be at the rate set forth in the
following schedule, with a credit allowed against such

983 tax for any tax previously paid to this state pursuant to this
 984 subdivision or pursuant to subdivision (3), (4), (5), (6), (7), (8) or (9) of
 985 this subsection, provided such credit shall not exceed the amount of
 986 tax imposed by this section:

T334	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T335	<u>Not over \$9,100,000</u>	<u>None</u>
T336	<u>Over \$9,100,000</u>	<u>11.6% of the excess</u>
T337	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T338	<u>Over \$10,100,000</u>	<u>\$116,000 plus 12% of the excess</u>
T339		<u>over \$10,100,000</u>

987 (11)With respect to Connecticut taxable gifts, as defined in section
 988 12-643, made by a donor during a calendar year commencing on or
 989 after January 1, 2023, including the aggregate amount of all
 990 Connecticut taxable gifts made by the donor during all calendar years
 991 commencing on or after January 1, 2005, the tax imposed by section 12-
 992 640 for the calendar year shall be at the rate set forth in the following
 993 schedule, with a credit allowed against such tax for any tax previously
 994 paid to this state pursuant to this subdivision or pursuant to
 995 subdivision (3), (4), (5), (6), (7), (8), (9) or (10) of this subsection,
 996 provided such credit shall not exceed the amount of tax imposed by
 997 this section:

T340	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T341	<u>Not over the</u>	<u>None</u>
T342	<u>federal basic exclusion amount</u>	
T343	<u>Over the</u>	<u>12% of the excess over the</u>
T344	<u>federal basic exclusion amount</u>	<u>federal basic exclusion amount</u>

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1000 substituted in lieu thereof (*Effective from passage*):

1001 (3) (A) A tax return shall be filed, in the case of every decedent who
1002 died prior to January 1, 2005, and at the time of death was (i) a resident
1003 of this state, or (ii) a nonresident of this state whose gross estate includes
1004 any real property situated in this state or tangible personal property
1005 having an actual situs in this state, whenever the personal
1006 representative of the estate is required by the laws of the United States
1007 to file a federal estate tax return.

1008 (B) A tax return shall be filed, in the case of every decedent who dies
1009 on or after January 1, 2005, but prior to January 1, 2010, and at the time
1010 of death was (i) a resident of this state, or (ii) a nonresident of this state
1011 whose gross estate includes any real property situated in this state or
1012 tangible personal property having an actual situs in this state. If the
1013 decedent's Connecticut taxable estate is over two million dollars, such
1014 tax return shall be filed with the Commissioner of Revenue Services
1015 and a copy of such return shall be filed with the court of probate for
1016 the district within which the decedent resided at the date of his or her
1017 death or, if the decedent died a nonresident of this state, the court of
1018 probate for the district within which such real property or tangible
1019 personal property is situated. If the decedent's Connecticut taxable
1020 estate is two million dollars or less, such return shall be filed with the
1021 court of probate for the district within which the decedent resided at
1022 the date of his or her death or, if the decedent died a nonresident of
1023 this state, the court of probate for the district within which such real
1024 property or tangible personal property is situated, and no such return
1025 shall be filed with the Commissioner of Revenue Services. The judge of
1026 probate for the district in which such return is filed shall review each
1027 such return and shall issue a written opinion to the estate
1028 representative in each case in which the judge determines that the
1029 estate is not subject to tax under this chapter.

1030 (C) A tax return shall be filed, in the case of every decedent who
1031 ~~dies on or after January 1, 2010, but prior to January 1, 2011, and at the~~ ^{Governor's Bill No. 11}

1032 time of death was (i) a resident of this state, or (ii) a nonresident of this
1033 state whose gross estate includes any real property situated in this
1034 state or tangible personal property having an actual situs in this state.
1035 If the decedent's Connecticut taxable estate is over three million five
1036 hundred thousand dollars, such tax return shall be filed with the
1037 Commissioner of Revenue Services and a copy of such return shall be
1038 filed with the court of probate for the district within which the
1039 decedent resided at the date of his or her death or, if the decedent died
1040 a nonresident of this state, the court of probate for the district within
1041 which such real property or tangible personal property is situated. If
1042 the decedent's Connecticut taxable estate is three million five hundred
1043 thousand dollars or less, such return shall be filed with the court of
1044 probate for the district within which the decedent resided at the date
1045 of his or her death or, if the decedent died a nonresident of this state,
1046 the court of probate for the district within which such real property or
1047 tangible personal property is situated, and no such return shall be filed
1048 with the Commissioner of Revenue Services. The judge of probate for
1049 the district in which such return is filed shall review each such return
1050 and shall issue a written opinion to the estate representative in each
1051 case in which the judge determines that the estate is not subject to tax
1052 under this chapter.

1053 (D) A tax return shall be filed, in the case of every decedent who
1054 dies on or after January 1, 2011, but prior to January 1, 2018, and at the
1055 time of death was (i) a resident of this state, or (ii) a nonresident of this
1056 state whose gross estate includes any real property situated in this
1057 state or tangible personal property having an actual situs in this state.
1058 If the decedent's Connecticut taxable estate is over two million dollars,
1059 such tax return shall be filed with the Commissioner of Revenue
1060 Services and a copy of such return shall be filed with the court of
1061 probate for the district within which the decedent resided at the date
1062 of his or her death or, if the decedent died a nonresident of this state,
1063 the court of probate for the district within which such real property or
1064 tangible personal property is situated. If the decedent's Connecticut

1065 taxable estate is two million dollars or less, such return shall be filed
1066 with the court of probate for the district within which the decedent
1067 resided at the date of his or her death or, if the decedent died a
1068 nonresident of this state, the court of probate for the district within
1069 which such real property or tangible personal property is situated, and
1070 no such return shall be filed with the Commissioner of Revenue
1071 Services. The judge of probate for the district in which such return is
1072 filed shall review each such return and shall issue a written opinion to
1073 the estate representative in each case in which the judge determines
1074 that the estate is not subject to tax under this chapter.

1075 (E) A tax return shall be filed, in the case of every decedent who dies
1076 on or after January 1, 2018, but prior to January 1, 2019, and at the time
1077 of death was (i) a resident of this state, or (ii) a nonresident of this state
1078 whose gross estate includes any real property situated in this state or
1079 tangible personal property having an actual situs in this state. If the
1080 decedent's Connecticut taxable estate is over two million six hundred
1081 thousand dollars, such tax return shall be filed with the Commissioner
1082 of Revenue Services and a copy of such return shall be filed with the
1083 court of probate for the district within which the decedent resided at
1084 the date of his or her death or, if the decedent died a nonresident of
1085 this state, the court of probate for the district within which such real
1086 property or tangible personal property is situated. If the decedent's
1087 Connecticut taxable estate is two million six hundred thousand dollars
1088 or less, such return shall be filed with the court of probate for the
1089 district within which the decedent resided at the date of his or her
1090 death or, if the decedent died a nonresident of this state, the court of
1091 probate for the district within which such real property or tangible
1092 personal property is situated, and no such return shall be filed with the
1093 Commissioner of Revenue Services. The judge of probate for the
1094 district in which such return is filed shall review each such return and
1095 shall issue a written opinion to the estate representative in each case in
1096 which the judge determines that the estate is not subject to tax under
1097 this chapter.

1098 (F) A tax return shall be filed, in the case of every decedent who dies
1099 on or after January 1, 2019, but prior to January 1, 2020, and at the time
1100 of death was (i) a resident of this state, or (ii) a nonresident of this state
1101 whose gross estate includes any real property situated in this state or
1102 tangible personal property having an actual situs in this state. If the
1103 decedent's Connecticut taxable estate is over three million six hundred
1104 thousand dollars, such tax return shall be filed with the Commissioner
1105 of Revenue Services and a copy of such return shall be filed with the
1106 court of probate for the district within which the decedent resided at
1107 the date of his or her death or, if the decedent died a nonresident of
1108 this state, the court of probate for the district within which such real
1109 property or tangible personal property is situated. If the decedent's
1110 Connecticut taxable estate is three million six hundred thousand
1111 dollars or less, such return shall be filed with the court of probate for
1112 the district within which the decedent resided at the date of his or her
1113 death or, if the decedent died a nonresident of this state, the court of
1114 probate for the district within which such real property or tangible
1115 personal property is situated, and no such return shall be filed with the
1116 Commissioner of Revenue Services. The judge of probate for the
1117 district in which such return is filed shall review each such return and
1118 shall issue a written opinion to the estate representative in each case in
1119 which the judge determines that the estate is not subject to tax under
1120 this chapter.

1121 (G) A tax return shall be filed, in the case of every decedent who
1122 dies on or after January 1, 2020, but prior to January 1, 2021, and at the
1123 time of death was (i) a resident of this state, or (ii) a nonresident of this
1124 state whose gross estate includes any real property situated in this
1125 state or tangible personal property having an actual situs in this state.
1126 If the decedent's Connecticut taxable estate is over five million one
1127 hundred thousand dollars, such tax return shall be filed with the
1128 Commissioner of Revenue Services and a copy of such return shall be
1129 filed with the court of probate for the district within which the
1130 decedent resided at the date of his or her death or, if the decedent died

1131 a nonresident of this state, the court of probate for the district within
1132 which such real property or tangible personal property is situated. If
1133 the decedent's Connecticut taxable estate is five million one hundred
1134 thousand dollars or less, such return shall be filed with the court of
1135 probate for the district within which the decedent resided at the date
1136 of his or her death or, if the decedent died a nonresident of this state,
1137 the court of probate for the district within which such real property or
1138 tangible personal property is situated, and no such return shall be filed
1139 with the Commissioner of Revenue Services. The judge of probate for
1140 the district in which such return is filed shall review each such return
1141 and shall issue a written opinion to the estate representative in each
1142 case in which the judge determines that the estate is not subject to tax
1143 under this chapter.

1144 (H)A tax return shall be filed, in the case of every decedent who
1145 dies on or after January 1, 2021, but prior to January 1, 2022, and at the
1146 time of death was (i) a resident of this state, or (ii) a nonresident of this
1147 state whose gross estate includes any real property situated in this
1148 state or tangible personal property having an actual situs in this state.
1149 If the decedent's Connecticut taxable estate is over seven million one
1150 hundred thousand dollars, such tax return shall be filed with the
1151 Commissioner of Revenue Services and a copy of such return shall be
1152 filed with the court of probate for the district within which the
1153 decedent resided at the date of his or her death or, if the decedent died
1154 a nonresident of this state, the court of probate for the district within
1155 which such real property or tangible personal property is situated. If
1156 the decedent's Connecticut taxable estate is seven million one hundred
1157 thousand dollars or less, such return shall be filed with the court of
1158 probate for the district within which the decedent resided at the date
1159 of his or her death or, if the decedent died a nonresident of this state,
1160 the court of probate for the district within which such real property or
1161 tangible personal property is situated, and no such return shall be filed
1162 with the Commissioner of Revenue Services. The judge of probate for
1163 the district in which such return is filed shall review each such return

1164 and shall issue a written opinion to the estate representative in each
1165 case in which the judge determines that the estate is not subject to tax
1166 under this chapter.

1167 (I)A tax return shall be filed, in the case of every decedent who dies
1168 on or after January 1, 2022, but prior to January 1, 2023, and at the time
1169 of death was (i) a resident of this state, or (ii) a nonresident of this state
1170 whose gross estate includes any real property situated in this state or
1171 tangible personal property having an actual situs in this state. If the
1172 decedent's Connecticut taxable estate is over nine million one hundred
1173 thousand dollars, such tax return shall be filed with the Commissioner
1174 of Revenue Services and a copy of such return shall be filed with the
1175 court of probate for the district within which the decedent resided at
1176 the date of his or her death or, if the decedent died a nonresident of
1177 this state, the court of probate for the district within which such real
1178 property or tangible personal property is situated. If the decedent's
1179 Connecticut taxable estate is nine million one hundred thousand
1180 dollars or less, such return shall be filed with the court of probate for
1181 the district within which the decedent resided at the date of his or her
1182 death or, if the decedent died a nonresident of this state, the court of
1183 probate for the district within which such real property or tangible
1184 personal property is situated, and no such return shall be filed with the
1185 Commissioner of Revenue Services. The judge of probate for the
1186 district in which such return is filed shall review each such return and
1187 shall issue a written opinion to the estate representative in each case in
1188 which the judge determines that the estate is not subject to tax under
1189 this chapter.

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[ase of every decedent who dies on or after January 1, [2020] 2023,
(~~and at the time of death was (i) a resident of this state, ^{Governor's Bill No. 11} (ii) a~~
G nonresident of this state whose gross estate includes any real property
) situated in this state or tangible personal property having an actual situs
] in this state. If the decedent's Connecticut taxable estate is over the
(federal basic exclusion amount, such tax return shall be filed with
I the Commissioner of Revenue
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1197 Services and a copy of such return shall be filed with the court of
 1198 probate for the district within which the decedent resided at the date
 1199 of his or her death or, if the decedent died a nonresident of this state,
 1200 the court of probate for the district within which such real property or
 1201 tangible personal property is situated. If the decedent's Connecticut
 1202 taxable estate is equal to or less than the federal basic exclusion
 1203 amount, such return shall be filed with the court of probate for the
 1204 district within which the decedent resided at the date of his or her
 1205 death or, if the decedent died a nonresident of this state, the court of
 1206 probate for the district within which such real property or tangible
 1207 personal property is situated, and no such return shall be filed with the
 1208 Commissioner of Revenue Services. The judge of probate for the
 1209 district in which such return is filed shall review each such return and
 1210 shall issue a written opinion to the estate representative in each case in
 1211 which the judge determines that the estate is not subject to tax under
 1212 this chapter.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2018</i>	New section
Sec. 2	<i>from passage and applicable to taxable years commencing on or after January 1, 2018</i>	New section
<u>Sec. 3</u>	<u><i>From passage and applicable to taxable years commencing on or after January 1, 2018</i></u>	<u>New section</u>
Sec. 43	<i>from passage</i>	12-719(b)(1)
Sec. 54	<i>from passage</i>	12-719(c)(1)
Sec. 65	<i>from passage and applicable to taxable years commencing on or after January 1, 2018</i>	12-726

Sec. <u>76</u>	<i>from passage and applicable to taxable years</i>	12-733(b) Governor's Bill No. 11
	<i>commencing on or after January 1, 2018</i>	

Sec. 87	<i>from passage</i>	4-30a(a)
Sec. 98	<i>May 15, 2018</i>	3-20(aa)(1)
Sec. 109	<i>from passage</i>	3-114g
Sec. 110	<i>from passage and applicable to assessment years commencing on or after October 1, 2017</i>	New section
Sec. 121	<i>from passage and applicable to taxable years commencing on or after January 1, 2017</i>	12-701(a)(20)(A) and (B)
Sec. 132	<i>from passage</i>	12-217(b)
Sec. 143	<i>from passage and applicable to income years commencing on or after January 1, 2017</i>	12-217(a)(2)
Sec. 154	<i>from passage</i>	12-391(g)
Sec. 165	<i>from passage</i>	12-642(a)
Sec. 176	<i>from passage</i>	12-392(b)(3)

Statement of Purpose:

To implement the Governor's budget recommendations.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]