



## Senate

General Assembly

**File No. 2**

February Session, 2002

Senate Bill No. 27

*Senate, February 22, 2002*

The Committee on Finance, Revenue and Bonding reported through SEN. LOONEY of the 11th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

### **AN ACT CONCERNING QUALIFYING INCOME FOR PURPOSES OF CERTAIN STATE PROGRAMS.**

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

1 Section 1. (*Effective from passage and applicable to property tax*  
2 *assessment years commencing on or after October 1, 2001, and taxable years*  
3 *of individuals commencing on or after January 1, 2001)* (a) Any distribution  
4 of cash to an individual from Anthem, Incorporated, resulting from  
5 said entity's conversion to a stockholder-owned company, shall be  
6 excluded from any calculation of income for purposes of determining  
7 the eligibility for, or the benefit level of, such individual under (1) the  
8 property tax exemption, property tax credit and rental rebate  
9 programs for which the state of Connecticut provides direct or indirect  
10 reimbursement, pursuant to sections 12-81g, as amended, 12-129b, 12-  
11 170d and 12-170aa, as amended, of the general statutes, (2) the  
12 programs adopted at a municipality's option that provide additional  
13 property tax exemptions to veterans, totally disabled persons, blind  
14 persons and elderly persons, pursuant to sections 12-81f, 12-81i, 12-81j

15 and 12-129n of the general statutes, and (3) the Connecticut  
16 Pharmaceutical Assistance Contract to the Elderly and the Disabled  
17 Program established under section 17b-491 of the general statutes.

18 (b) If the distribution to an individual from Anthem, Incorporated,  
19 as the result of said entity’s conversion to a stockholder-owned  
20 company is in the form of stock and the stock is sold by the individual  
21 in the taxable year which includes the date of distribution or in any of  
22 the two taxable years succeeding such year, the value of the stock on  
23 the date of distribution to the individual shall be excluded from any  
24 calculation of income for purposes of determining the eligibility for, or  
25 the benefit level of, such individual under (1) the property tax  
26 exemption, property tax credit and rental rebate programs for which  
27 the state of Connecticut provides direct or indirect reimbursement,  
28 pursuant to sections 12-81g, as amended, 12-129b, 12-170d and 12-  
29 170aa, as amended, of the general statutes, (2) the programs adopted at  
30 a municipality’s option that provide additional property tax  
31 exemptions to veterans, totally disabled persons, blind persons and  
32 elderly persons, pursuant to sections 12-81f, 12-81i, 12-81j and 12-129n  
33 of the general statutes, and (3) the Connecticut Pharmaceutical  
34 Assistance Contract to the Elderly and the Disabled Program  
35 established under section 17b-491 of the general statutes.

This act shall take effect as follows:	
Section 1	<i>from passage and applicable to property tax assessment years commencing on or after October 1, 2001, and taxable years of individuals commencing on or after January 1, 2001</i>

**FIN**      *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

**OFA Fiscal Note**

**State Impact:**

Fund-Type	Agency Affected	FY 03 \$
GF - Savings Avoidance	Policy & Mgmt., Off.; Social Services, Dept.	Minimal

Note: GF=General Fund

**Municipal Impact:**

Effect	Municipalities	FY 03 \$
Savings Avoidance	Various Municipalities	Minimal

**Explanation**

**Property Tax Relief Programs**

It is anticipated that a small number of property tax relief program recipients will receive cash or stock in connection with Anthem Inc.'s conversion to a stock-holder owned company, to the extent this additional cash or stock would have caused these individuals to become income ineligible, a state and municipal cost savings would have occurred. Passage of this bill will exclude such cash payments and stock from consideration in determining an individual's eligibility for these programs, thus a savings avoidance will occur. There is no administrative cost to the Office of Policy and Management and the municipalities to advise program recipients about the program change and program forms and literature will be updated in future printings.

**ConnPACE Program**

Passage of this bill will preclude the loss of coverage for a minimal number of persons under the Connecticut Pharmaceutical Assistance Contract to the Elderly and the Disabled (ConnPACE) program. It will allow those individuals accepting cash payouts (estimated to run up to \$10,000 per person) to exclude them from 2001 income for purposes of determining program eligibility. Current income eligibility limits are \$15,600 (single) and \$18,700 (married). These limits will increase to \$20,000 (single) and \$27,100 (married) on April 1, 2002.

Eligibility for ConnPACE is based on an applicant's prior year income, unless that amount exceeds the limits, in which case the applicant may instead submit his or her current year income. Because the majority of those experiencing the unexpected increase in 2001 income would have been expected to retain eligibility on the basis of current year income, only a minimal number of persons having other-source income growth in 2002 sufficient to push them over the income guidelines will benefit from this bill.

As of January 2002 ConnPACE enrollment was 34,352. The state is projected to incur an average net cost per ConnPACE enrollee of \$1,280 in FY 02. It is projected that this cost will increase to \$1,375 per enrollee in FY 03. Total program costs are anticipated to be \$48.2 million in FY 02.

The Department of Social Services will incur a minimal cost, which can be absorbed within its anticipated budgetary resources, to redesign application forms and advise clients about the policy change.

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**OLR Bill Analysis**

SB 27

**AN ACT CONCERNING QUALIFYING INCOME FOR PURPOSES OF CERTAIN STATE PROGRAMS.****SUMMARY:**

This bill excludes cash payments and the value of stock distributed to individuals in connection with Anthem, Inc.'s conversion to a stockholder-owned company from consideration in determining income eligibility for the following programs:

1. Connecticut Pharmaceutical Assistance Contract to the Elderly and Disabled (ConnPACE),
2. state-reimbursed additional property tax exemption for veterans,
3. elderly property tax freeze,
4. rental rebates for elderly and totally disabled people,
5. property tax credits for elderly and totally disabled homeowners (circuit breaker),
6. local-option additional property tax exemptions for veterans and totally disabled and blind people, and
7. local-option property tax relief for elderly and totally disabled people.

For stock distributions to be excluded, the person receiving the stock must sell it in the tax year during which it is distributed or the two following tax years. The exclusion is limited to the stock's value on the distribution date and does not cover any gains accrued between the distribution date and the sale date.

If enacted, this bill would be a special act.

**EFFECTIVE DATE:** Upon passage and applicable to property tax assessment years starting on or after October 1, 2001 and taxable years for individuals starting on or after January 1, 2001.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Report  
Yea 42 Nay 0