



Senate

General Assembly

File No. 499

February Session, 2002

Substitute Senate Bill No. 29

Senate, April 16, 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 substitute bill ought to pass.

AN ACT DEFERRING THE PHASE-DOWN OF THE GIFT TAX AND THE SALES AND USE TAX ON COMPUTER AND DATA PROCESSING SERVICES AND DEFERRING THE INCREASE IN THE SINGLES EXEMPTION UNDER THE INCOME TAX.

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

1 Section 1. Section 12-642 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage and*
3 *applicable to income years commencing on or after January 1, 2002*):

4 (a) (1) With respect to calendar years commencing prior to January
5 1, 2001, the tax imposed by section 12-640 for the calendar year shall be
6 at a rate of the taxable gifts made by the donor during the calendar
7 year set forth in the following schedule:

T1	Amount of Taxable Gifts	Rate of Tax
T2	Not over \$25,000	1%

T3	Over \$25,000	\$250, plus 2% of the excess
T4	but not over \$50,000	over \$25,000
T5	Over \$50,000	\$750, plus 3% of the excess
T6	but not over \$75,000	over \$50,000
T7	Over \$75,000	\$1,500, plus 4% of the excess
T8	but not over \$100,000	over \$75,000
T9	Over \$100,000	\$2,500, plus 5% of the excess
T10	but not over \$200,000	over \$100,000
T11	Over \$200,000	\$7,500, plus 6% of the excess
T12		over \$200,000

8 (2) With respect to the calendar [year] years commencing January 1,
 9 2001, January 1, 2002, and January 1, 2003, the tax imposed by section
 10 12-640 for [the] each such calendar year shall be at a rate of the taxable
 11 gifts made by the donor during the calendar year set forth in the
 12 following schedule:

T13	Amount of Taxable Gifts	Rate of Tax
T14	Over \$25,000	\$250, plus 2% of the excess
T15	but not over \$50,000	over \$25,000
T16	Over \$50,000	\$750, plus 3% of the excess
T17	but not over \$75,000	over \$50,000
T18	Over \$75,000	\$1,500, plus 4% of the excess
T19	but not over \$100,000	over \$75,000
T20	Over \$100,000	\$2,500, plus 5% of the excess
T21	but not over \$675,000	over \$100,000
T22	Over \$675,000	\$31,250, plus 6% of the excess
T23		over \$675,000

13 (3) With respect to the calendar year commencing January 1, [2002]
 14 2004, the tax imposed by section 12-640 for the calendar year shall be at
 15 a rate of the taxable gifts made by the donor during the calendar year
 16 set forth in the following schedule:

T24	Amount of Taxable Gifts	Rate of Tax
T25	Over \$50,000	\$750, plus 3% of the excess
T26	but not over \$75,000	over \$50,000
T27	Over \$75,000	\$1,500, plus 4% of the excess
T28	but not over \$100,000	over \$75,000
T29	Over \$100,000	\$2,500, plus 5% of the excess
T30	but not over \$700,000	over \$100,000
T31	Over \$700,000	\$32,500, plus 6% of the excess
T32		over \$700,000

17 (4) With respect to the calendar year commencing January 1, [2003]
 18 2005, the tax imposed by section 12-640 for the calendar year shall be at
 19 a rate of the taxable gifts made by the donor during the calendar year
 20 set forth in the following schedule:

T33	Amount of Taxable Gifts	Rate of Tax
T34	Over \$75,000	\$1,500, plus 4% of the excess
T35	but not over \$100,000	over \$75,000
T36	Over \$100,000	\$2,500, plus 5% of the excess
T37	but not over \$700,000	over \$100,000
T38	Over \$700,000	\$32,500, plus 6% of the excess
T39		over \$700,000

21 (5) With respect to the calendar year commencing January 1, [2004]
 22 2006, the tax imposed by section 12-640 for the calendar year shall be at
 23 a rate of the taxable gifts made by the donor during the calendar year
 24 set forth in the following schedule:

T40	Amount of Taxable Gifts	Rate of Tax
T41	Over \$100,000	\$2,500, plus 5% of the excess
T42	but not over \$850,000	over \$100,000
T43	Over \$850,000	\$40,000, plus 6% of the excess
T44		over \$850,000

25 (6) With respect to the calendar year commencing January 1, [2005]
 26 2007, the tax imposed by section 12-640 for the calendar year shall be at
 27 a rate of the taxable gifts made by the donor during the calendar year
 28 set forth in the following schedule:

Amount of Taxable Gifts	Rate of Tax
Over \$950,000	\$45,000, plus 6% of the excess over \$950,000

29 (7) With respect to the calendar year commencing January 1, [2006]
 30 2008, and each calendar year thereafter, the tax imposed by section 12-
 31 640 for the calendar year shall be at a rate of the taxable gifts made by
 32 the donor during the calendar year set forth in the following schedule:

T45	Amount of Taxable Gifts	Rate of Tax
T46	Over \$1,000,000	\$47,500, plus 6% of the excess
T47		over \$1,000,000

33 (b) The tax imposed by section 12-640 shall be paid by the donor. If
 34 the gift tax is not paid when due the donee of any gift shall be
 35 personally liable for the tax to the extent of the value of the gift.

36 Sec. 2. Subsection (a) of section 12-702 of the general statutes is
 37 repealed and the following is substituted in lieu thereof (*Effective from*
 38 *passage and applicable to taxable years commencing on or after January 1,*
 39 *2002*):

40 (a) (1) (A) Any person, other than a trust or estate, subject to the tax
 41 under this chapter for any taxable year who files under the federal
 42 income tax for such taxable year as a married individual filing
 43 separately or, for taxable years commencing prior to January 1, 2000,
 44 who files income tax for such taxable year as an unmarried individual
 45 shall be entitled to a personal exemption of twelve thousand dollars in

46 determining Connecticut taxable income for purposes of this chapter.

47 (B) In the case of any such taxpayer whose Connecticut adjusted
48 gross income for the taxable year exceeds twenty-four thousand
49 dollars, the exemption amount shall be reduced by one thousand
50 dollars for each one thousand dollars, or fraction thereof, by which the
51 taxpayer's Connecticut adjusted gross income for the taxable year
52 exceeds said amount. In no event shall the reduction exceed one
53 hundred per cent of the exemption.

54 (2) For taxable years commencing on or after January 1, 2000, any
55 person, other than a trust or estate, subject to the tax under this chapter
56 for any taxable year who files under the federal income tax for such
57 taxable year as an unmarried individual shall be entitled to a personal
58 exemption in determining Connecticut taxable income for purposes of
59 this chapter as follows:

60 (A) For taxable years commencing on or after January 1, 2000, but
61 prior to January 1, 2001, twelve thousand two hundred fifty dollars. In
62 the case of any such taxpayer whose Connecticut adjusted gross
63 income for the taxable year exceeds twenty-four thousand five
64 hundred dollars, the exemption amount shall be reduced by one
65 thousand dollars for each one thousand dollars, or fraction thereof, by
66 which the taxpayer's Connecticut adjusted gross income for the taxable
67 year exceeds said amount. In no event shall the reduction exceed one
68 hundred per cent of the exemption;

69 (B) For taxable years commencing on or after January 1, 2001, but
70 prior to January 1, [2002] 2004, twelve thousand five hundred dollars.
71 In the case of any such taxpayer whose Connecticut adjusted gross
72 income for the taxable year exceeds twenty-five thousand dollars, the
73 exemption amount shall be reduced by one thousand dollars for each
74 one thousand dollars, or fraction thereof, by which the taxpayer's
75 Connecticut adjusted gross income for the taxable year exceeds said
76 amount. In no event shall the reduction exceed one hundred per cent
77 of the exemption;

78 (C) For taxable years commencing on or after January 1, [2002] 2004,
79 but prior to January 1, [2003] 2005, twelve thousand seven hundred
80 fifty dollars. In the case of any such taxpayer whose Connecticut
81 adjusted gross income for the taxable year exceeds twenty-five
82 thousand five hundred dollars, the exemption amount shall be
83 reduced by one thousand dollars for each one thousand dollars, or
84 fraction thereof, by which the taxpayer's Connecticut adjusted gross
85 income for the taxable year exceeds said amount. In no event shall the
86 reduction exceed one hundred per cent of the exemption;

87 (D) For taxable years commencing on or after January 1, [2003] 2005,
88 but prior to January 1, [2004] 2006, thirteen thousand dollars. In the
89 case of any such taxpayer whose Connecticut adjusted gross income
90 for the taxable year exceeds twenty-six thousand dollars, the
91 exemption amount shall be reduced by one thousand dollars for each
92 one thousand dollars, or fraction thereof, by which the taxpayer's
93 Connecticut adjusted gross income for the taxable year exceeds said
94 amount. In no event shall the reduction exceed one hundred per cent
95 of the exemption;

96 (E) For taxable years commencing on or after January 1, [2004] 2006,
97 but prior to January 1, [2005] 2007, thirteen thousand five hundred
98 dollars. In the case of any such taxpayer whose Connecticut adjusted
99 gross income for the taxable year exceeds twenty-seven thousand
100 dollars, the exemption amount shall be reduced by one thousand
101 dollars for each one thousand dollars, or fraction thereof, by which the
102 taxpayer's Connecticut adjusted gross income for the taxable year
103 exceeds said amount. In no event shall the reduction exceed one
104 hundred per cent of the exemption;

105 (F) For taxable years commencing on or after January 1, [2005] 2007,
106 but prior to January 1, [2006] 2008, fourteen thousand dollars. In the
107 case of any such taxpayer whose Connecticut adjusted gross income
108 for the taxable year exceeds twenty-eight thousand dollars, the
109 exemption amount shall be reduced by one thousand dollars for each
110 one thousand dollars, or fraction thereof, by which the taxpayer's

111 Connecticut adjusted gross income for the taxable year exceeds said
112 amount. In no event shall the reduction exceed one hundred per cent
113 of the exemption;

114 (G) For taxable years commencing on or after January 1, [2006] 2008,
115 but prior to January 1, [2007] 2009, fourteen thousand five hundred
116 dollars. In the case of any such taxpayer whose Connecticut adjusted
117 gross income for the taxable year exceeds twenty-nine thousand
118 dollars, the exemption amount shall be reduced by one thousand
119 dollars for each one thousand dollars, or fraction thereof, by which the
120 taxpayer's Connecticut adjusted gross income for the taxable year
121 exceeds said amount. In no event shall the reduction exceed one
122 hundred per cent of the exemption;

123 (H) For taxable years commencing on or after January 1, [2007] 2009,
124 fifteen thousand dollars. In the case of any such taxpayer whose
125 Connecticut adjusted gross income for the taxable year exceeds thirty
126 thousand dollars, the exemption amount shall be reduced by one
127 thousand dollars for each one thousand dollars, or fraction thereof, by
128 which the taxpayer's Connecticut adjusted gross income for the taxable
129 year exceeds said amount. In no event shall the reduction exceed one
130 hundred per cent of the exemption.

131 Sec. 3. Subdivision (2) of subsection (a) of section 12-703 of the
132 general statutes is repealed and the following is substituted in lieu
133 thereof (*Effective from passage and applicable to taxable years commencing*
134 *on or after January 1, 2002*):

135 (2) For taxable years commencing on or after January 1, 2000, any
136 person, other than a trust or estate, subject to the tax under this chapter
137 for any taxable year who files under the federal income tax for such
138 taxable year as an unmarried individual shall be entitled to a credit in
139 determining the amount of tax liability for purposes of this chapter in
140 accordance with the following schedule:

141 (A) For taxable years commencing on or after January 1, 2000, but
142 prior to January 1, 2001:

	Connecticut	
T48	Adjusted Gross Income	Amount of Credit
T49		
T50	Over \$12,250 but	
T51	not over \$15,300	75%
T52	Over \$15,300 but	
T53	not over \$15,800	70%
T54	Over \$15,800 but	
T55	not over \$16,300	65%
T56	Over \$16,300 but	
T57	not over \$16,800	60%
T58	Over \$16,800 but	
T59	not over \$17,300	55%
T60	Over \$17,300 but	
T61	not over \$17,800	50%
T62	Over \$17,800 but	
T63	not over \$18,300	45%
T64	Over \$18,300 but	
T65	not over \$18,800	40%
T66	Over \$18,800 but	
T67	not over \$20,400	35%
T68	Over \$20,400 but	
T69	not over \$20,900	30%
T70	Over \$20,900 but	
T71	not over \$21,400	25%
T72	Over \$21,400 but	
T73	not over \$21,900	20%
T74	Over \$21,900 but	
T75	not over \$25,500	15%
T76	Over \$25,500 but	
T77	not over \$26,000	14%
T78	Over \$26,000 but	
T79	not over \$26,500	13%
T80	Over \$26,500 but	
T81	not over \$27,000	12%

T82	Over \$27,000 but	
T83	not over \$27,500	11%
T84	Over \$27,500 but	
T85	not over \$49,000	10%
T86	Over \$49,000 but	
T87	not over \$49,500	9%
T88	Over \$49,500 but	
T89	not over \$50,000	8%
T90	Over \$50,000 but	
T91	not over \$50,500	7%
T92	Over \$50,500 but	
T93	not over \$51,000	6%
T94	Over \$51,000 but	
T95	not over \$51,500	5%
T96	Over \$51,500 but	
T97	not over \$52,000	4%
T98	Over \$52,000 but	
T99	not over \$52,500	3%
T100	Over \$52,500 but	
T101	not over \$53,000	2%
T102	Over \$53,000 but	
T103	not over \$53,500	1%

143 (B) For taxable years commencing on or after January 1, 2001, but
 144 prior to January 1, [2002] 2004:

T104	Connecticut	
T105	Adjusted Gross Income	Amount of Credit
T106	Over \$12,500 but	
T107	not over \$15,600	75%
T108	Over \$15,600 but	
T109	not over \$16,100	70%
T110	Over \$16,100 but	
T111	not over \$16,600	65%

T112	Over \$16,600 but	
T113	not over \$17,100	60%
T114	Over \$17,100 but	
T115	not over \$17,600	55%
T116	Over \$17,600 but	
T117	not over \$18,100	50%
T118	Over \$18,100 but	
T119	not over \$18,600	45%
T120	Over \$18,600 but	
T121	not over \$19,100	40%
T122	Over \$19,100 but	
T123	not over \$20,800	35%
T124	Over \$20,800 but	
T125	not over \$21,300	30%
T126	Over \$21,300 but	
T127	not over \$21,800	25%
T128	Over \$21,800 but	
T129	not over \$22,300	20%
T130	Over \$22,300 but	
T131	not over \$26,000	15%
T132	Over \$26,000 but	
T133	not over \$26,500	14%
T134	Over \$26,500 but	
T135	not over \$27,000	13%
T136	Over \$27,000 but	
T137	not over \$27,500	12%
T138	Over \$27,500 but	
T139	not over \$28,000	11%
T140	Over \$28,000 but	
T141	not over \$50,000	10%
T142	Over \$50,000 but	
T143	not over \$50,500	9%
T144	Over \$50,500 but	
T145	not over \$51,000	8%
T146	Over \$51,000 but	

T147	not over \$51,500	7%
T148	Over \$51,500 but	
T149	not over \$52,000	6%
T150	Over \$52,000 but	
T151	not over \$52,500	5%
T152	Over \$52,500 but	
T153	not over \$53,000	4%
T154	Over \$53,000 but	
T155	not over \$53,500	3%
T156	Over \$53,500 but	
T157	not over \$54,000	2%
T158	Over \$54,000 but	
T159	not over \$54,500	1%

145 (C) For taxable years commencing on or after January 1, [2002] 2004,
 146 but prior to January 1, [2003] 2005:

T160	Connecticut	
T161	Adjusted Gross Income	Amount of Credit
T162	Over \$12,750 but	
T163	not over \$15,900	75%
T164	Over \$15,900 but	
T165	not over \$16,400	70%
T166	Over \$16,400 but	
T167	not over \$16,900	65%
T168	Over \$16,900 but	
T169	not over \$17,400	60%
T170	Over \$17,400 but	
T171	not over \$17,900	55%
T172	Over \$17,900 but	
T173	not over \$18,400	50%
T174	Over \$18,400 but	
T175	not over \$18,900	45%
T176	Over \$18,900 but	

T177	not over \$19,400	40%
T178	Over \$19,400 but	
T179	not over \$21,300	35%
T180	Over \$21,300 but	
T181	not over \$21,800	30%
T182	Over \$21,800 but	
T183	not over \$22,300	25%
T184	Over \$22,300 but	
T185	not over \$22,800	20%
T186	Over \$22,800 but	
T187	not over \$26,600	15%
T188	Over \$26,600 but	
T189	not over \$27,100	14%
T190	Over \$27,100 but	
T191	not over \$27,600	13%
T192	Over \$27,600 but	
T193	not over \$28,100	12%
T194	Over \$28,100 but	
T195	not over \$28,600	11%
T196	Over \$28,600 but	
T197	not over \$51,000	10%
T198	Over \$51,000 but	
T199	not over \$51,500	9%
T200	Over \$51,500 but	
T201	not over \$52,000	8%
T202	Over \$52,000 but	
T203	not over \$52,500	7%
T204	Over \$52,500 but	
T205	not over \$53,000	6%
T206	Over \$53,000 but	
T207	not over \$53,500	5%
T208	Over \$53,500 but	
T209	not over \$54,000	4%
T210	Over \$54,000 but	
T211	not over \$54,500	3%

T212	Over \$54,500 but	
T213	not over \$55,000	2%
T214	Over \$55,000 but	
T215	not over \$55,500	1%

147 (D) For taxable years commencing on or after January 1, [2003] 2005,
 148 but prior to January 1, [2004] 2006:

T216	Connecticut	
T217	Adjusted Gross Income	Amount of Credit
T218	Over \$13,000 but	
T219	not over \$16,300	75%
T220	Over \$16,300 but	
T221	not over \$16,800	70%
T222	Over \$16,800 but	
T223	not over \$17,300	65%
T224	Over \$17,300 but	
T225	not over \$17,800	60%
T226	Over \$17,800 but	
T227	not over \$18,300	55%
T228	Over \$18,300 but	
T229	not over \$18,800	50%
T230	Over \$18,800 but	
T231	not over \$19,300	45%
T232	Over \$19,300 but	
T233	not over \$19,800	40%
T234	Over \$19,800 but	
T235	not over \$21,700	35%
T236	Over \$21,700 but	
T237	not over \$22,200	30%
T238	Over \$22,200 but	
T239	not over \$22,700	25%
T240	Over \$22,700 but	
T241	not over \$23,200	20%

T242	Over \$23,200 but	
T243	not over \$27,100	15%
T244	Over \$27,100 but	
T245	not over \$27,600	14%
T246	Over \$27,600 but	
T247	not over \$28,100	13%
T248	Over \$28,100 but	
T249	not over \$28,600	12%
T250	Over \$28,600 but	
T251	not over \$29,100	11%
T252	Over \$29,100 but	
T253	not over \$52,000	10%
T254	Over \$52,000 but	
T255	not over \$52,500	9%
T256	Over \$52,500 but	
T257	not over \$53,000	8%
T258	Over \$53,000 but	
T259	not over \$53,500	7%
T260	Over \$53,500 but	
T261	not over \$54,000	6%
T262	Over \$54,000 but	
T263	not over \$54,500	5%
T264	Over \$54,500 but	
T265	not over \$55,000	4%
T266	Over \$55,000 but	
T267	not over \$55,500	3%
T268	Over \$55,500 but	
T269	not over \$56,000	2%
T270	Over \$56,000 but	
T271	not over \$56,500	1%

149 (E) For taxable years commencing on or after January 1, [2004] 2006,
 150 but prior to January 1, [2005] 2007:

	Connecticut	
	Adjusted Gross Income	Amount Of Credit
T272	Over \$13,500 but	
T273	not over \$16,900	75%
T274	Over \$16,900 but	
T275	not over \$17,400	70%
T276	Over \$17,400 but	
T277	not over \$17,900	65%
T278	Over \$17,900 but	
T279	not over \$18,400	60%
T280	Over \$18,400 but	
T281	not over \$18,900	55%
T282	Over \$18,900 but	
T283	not over \$19,400	50%
T284	Over \$19,400 but	
T285	not over \$19,900	45%
T286	Over \$19,900 but	
T287	not over \$20,400	40%
T288	Over \$20,400 but	
T289	not over \$22,500	35%
T290	Over \$22,500 but	
T291	not over \$23,000	30%
T292	Over \$23,000 but	
T293	not over \$23,500	25%
T294	Over \$23,500 but	
T295	not over \$24,000	20%
T296	Over \$24,000 but	
T297	not over \$28,100	15%
T298	Over \$28,100 but	
T299	not over \$28,600	14%
T300	Over \$28,600 but	
T301	not over \$29,100	13%
T302	Over \$29,100 but	
T303	not over \$29,600	12%
T304	Over \$29,600 but	
T305		
T306		

T307	not over \$30,100	11%
T308	Over \$30,100 but	
T309	not over \$54,000	10%
T310	Over \$54,000 but	
T311	not over \$54,500	9%
T312	Over \$54,500 but	
T313	not over \$55,000	8%
T314	Over \$55,000 but	
T315	not over \$55,500	7%
T316	Over \$55,500 but	
T317	not over \$56,000	6%
T318	Over \$56,000 but	
T319	not over \$56,500	5%
T320	Over \$56,500 but	
T321	not over \$57,000	4%
T322	Over \$57,000 but	
T323	not over \$57,500	3%
T324	Over \$57,500 but	
T325	not over \$58,000	2%
T326	Over \$58,000 but	
T327	not over \$58,500	1%

151 (F) For taxable years commencing on or after January 1, [2005] 2007,
 152 but prior to January 1, [2006] 2008:

T328	Connecticut	
T329	Adjusted Gross Income	Amount of Credit
T330	Over \$14,000 but	
T331	not over \$17,500	75%
T332	Over \$17,500 but	
T333	not over \$18,000	70%
T334	Over \$18,000 but	
T335	not over \$18,500	65%
T336	Over \$18,500 but	

T337	not over \$19,000	60%
T338	Over \$19,000 but	
T339	not over \$19,500	55%
T340	Over \$19,500 but	
T341	not over \$20,000	50%
T342	Over \$20,000 but	
T343	not over \$20,500	45%
T344	Over \$20,500 but	
T345	not over \$21,000	40%
T346	Over \$21,000 but	
T347	not over \$23,300	35%
T348	Over \$23,300 but	
T349	not over \$23,800	30%
T350	Over \$23,800 but	
T351	not over \$24,300	25%
T352	Over \$24,300 but	
T353	not over \$24,800	20%
T354	Over \$24,800 but	
T355	not over \$29,200	15%
T356	Over \$29,200 but	
T357	not over \$29,700	14%
T358	Over \$29,700 but	
T359	not over \$30,200	13%
T360	Over \$30,200 but	
T361	not over \$30,700	12%
T362	Over \$30,700 but	
T363	not over \$31,200	11%
T364	Over \$31,200 but	
T365	not over \$56,000	10%
T366	Over \$56,000 but	
T367	not over \$56,500	9%
T368	Over \$56,500 but	
T369	not over \$57,000	8%
T370	Over \$57,000 but	
T371	not over \$57,500	7%

T372	Over \$57,500 but	
T373	not over \$58,000	6%
T374	Over \$58,000 but	
T375	not over \$58,500	5%
T376	Over \$58,500 but	
T377	not over \$59,000	4%
T378	Over \$59,000 but	
T379	not over \$59,500	3%
T380	Over \$59,500 but	
T381	not over \$60,000	2%
T382	Over \$60,000 but	
T383	not over \$60,500	1%

153 (G) For taxable years commencing on or after January 1, [2006] 2008,
 154 but prior to January 1, [2007] 2009:

T384	Connecticut	
T385	Adjusted Gross Income	Amount of Credit
T386	Over \$14,500 but	
T387	not over \$18,100	75%
T388	Over \$18,100 but	
T389	not over \$18,600	70%
T390	Over \$18,600 but	
T391	not over \$19,100	65%
T392	Over \$19,100 but	
T393	not over \$19,600	60%
T394	Over \$19,600 but	
T395	not over \$20,100	55%
T396	Over \$20,100 but	
T397	not over \$20,600	50%
T398	Over \$20,600 but	
T399	not over \$21,100	45%
T400	Over \$21,100 but	
T401	not over \$21,600	40%

T402	Over \$21,600 but	
T403	not over \$24,200	35%
T404	Over \$24,200 but	
T405	not over \$24,700	30%
T406	Over \$24,700 but	
T407	not over \$25,200	25%
T408	Over \$25,200 but	
T409	not over \$25,700	20%
T410	Over \$25,700 but	
T411	not over \$30,200	15%
T412	Over \$30,200 but	
T413	not over \$30,700	14%
T414	Over \$30,700 but	
T415	not over \$31,200	13%
T416	Over \$31,200 but	
T417	not over \$31,700	12%
T418	Over \$31,700 but	
T419	not over \$32,200	11%
T420	Over \$32,200 but	
T421	not over \$58,000	10%
T422	Over \$58,000 but	
T423	not over \$58,500	9%
T424	Over \$58,500 but	
T425	not over \$59,000	8%
T426	Over \$59,000 but	
T427	not over \$59,500	7%
T428	Over \$59,500 but	
T429	not over \$60,000	6%
T430	Over \$60,000 but	
T431	not over \$60,500	5%
T432	Over \$60,500 but	
T433	not over \$61,000	4%
T434	Over \$61,000 but	
T435	not over \$61,500	3%
T436	Over \$61,500 but	

T437	not over \$62,000	2%
T438	Over \$62,000 but	
T439	not over \$62,500	1%

155 (H) For taxable years commencing on or after January 1, [2007] 2009:

T440	Connecticut	
T441	Adjusted Gross Income	Amount of Credit
T442	Over \$15,000 but	
T443	not over \$18,800	75%
T444	Over \$18,800 but	
T445	not over \$19,300	70%
T446	Over \$19,300 but	
T447	not over \$19,800	65%
T448	Over \$19,800 but	
T449	not over \$20,300	60%
T450	Over \$20,300 but	
T451	not over \$20,800	55%
T452	Over \$20,800 but	
T453	not over \$21,300	50%
T454	Over \$21,300 but	
T455	not over \$21,800	45%
T456	Over \$21,800 but	
T457	not over \$22,300	40%
T458	Over \$22,300 but	
T459	not over \$25,000	35%
T460	Over \$25,000 but	
T461	not over \$25,500	30%
T462	Over \$25,500 but	
T463	not over \$26,000	25%
T464	Over \$26,000 but	
T465	not over \$26,500	20%
T466	Over \$26,500 but	
T467	not over \$31,300	15%

T468	Over \$31,300 but	
T469	not over \$31,800	14%
T470	Over \$31,800 but	
T471	not over \$32,300	13%
T472	Over \$32,300 but	
T473	not over \$32,800	12%
T474	Over \$32,800 but	
T475	not over \$33,300	11%
T476	Over \$33,300 but	
T477	not over \$60,000	10%
T478	Over \$60,000 but	
T479	not over \$60,500	9%
T480	Over \$60,500 but	
T481	not over \$61,000	8%
T482	Over \$61,000 but	
T483	not over \$61,500	7%
T484	Over \$61,500 but	
T485	not over \$62,000	6%
T486	Over \$62,000 but	
T487	not over \$62,500	5%
T488	Over \$62,500 but	
T489	not over \$63,000	4%
T490	Over \$63,000 but	
T491	not over \$63,500	3%
T492	Over \$63,500 but	
T493	not over \$64,000	2%
T494	Over \$64,000 but	
T495	not over \$64,500	1%

156 Sec. 4. Subdivision (1) of subsection (c) of section 12-704c of the
 157 general statutes is repealed and the following is substituted in lieu
 158 thereof (*Effective from passage and applicable to taxable years commencing*
 159 *on or after January 1, 2002*):

160 (c) (1) (A) For taxable years commencing prior to January 1, 2000, in
 161 the case of any such taxpayer who files under the federal income tax

162 for such taxable year as an unmarried individual whose Connecticut
163 adjusted gross income exceeds fifty-two thousand five hundred
164 dollars, the amount of the credit that exceeds one hundred dollars shall
165 be reduced by ten per cent for each ten thousand dollars, or fraction
166 thereof, by which the taxpayer's Connecticut adjusted gross income
167 exceeds said amount.

168 (B) For taxable years commencing on or after January 1, 2000, but
169 prior to January 1, 2001, in the case of any such taxpayer who files
170 under the federal income tax for such taxable year as an unmarried
171 individual whose Connecticut adjusted gross income exceeds
172 fifty-three thousand five hundred dollars, the amount of the credit that
173 exceeds one hundred dollars shall be reduced by ten per cent for each
174 ten thousand dollars, or fraction thereof, by which the taxpayer's
175 Connecticut adjusted gross income exceeds said amount.

176 (C) For taxable years commencing on or after January 1, 2001, but
177 prior to January 1, [2002] 2004, in the case of any such taxpayer who
178 files under the federal income tax for such taxable year as an
179 unmarried individual whose Connecticut adjusted gross income
180 exceeds fifty-four thousand five hundred dollars, the amount of the
181 credit that exceeds one hundred dollars shall be reduced by ten per
182 cent for each ten thousand dollars, or fraction thereof, by which the
183 taxpayer's Connecticut adjusted gross income exceeds said amount.

184 (D) For taxable years commencing on or after January 1, [2002] 2004,
185 but prior to January 1, [2003] 2005, in the case of any such taxpayer
186 who files under the federal income tax for such taxable year as an
187 unmarried individual whose Connecticut adjusted gross income
188 exceeds fifty-five thousand five hundred dollars, the amount of the
189 credit that exceeds one hundred dollars shall be reduced by ten per
190 cent for each ten thousand dollars, or fraction thereof, by which the
191 taxpayer's Connecticut adjusted gross income exceeds said amount.

192 (E) For taxable years commencing on or after January 1, [2003] 2005,
193 but prior to January 1, [2004] 2006, in the case of any such taxpayer
194 who files under the federal income tax for such taxable year as an

195 unmarried individual whose Connecticut adjusted gross income
196 exceeds fifty-six thousand five hundred dollars, the amount of the
197 credit that exceeds one hundred dollars shall be reduced by ten per
198 cent for each ten thousand dollars, or fraction thereof, by which the
199 taxpayer's Connecticut adjusted gross income exceeds said amount.

200 (F) For taxable years commencing on or after January 1, [2004] 2006,
201 but prior to January 1, [2005] 2007, in the case of any such taxpayer
202 who files under the federal income tax for such taxable year as an
203 unmarried individual whose Connecticut adjusted gross income
204 exceeds fifty-eight thousand five hundred dollars, the amount of the
205 credit that exceeds one hundred dollars shall be reduced by ten per
206 cent for each ten thousand dollars, or fraction thereof, by which the
207 taxpayer's Connecticut adjusted gross income exceeds said amount.

208 (G) For taxable years commencing on or after January 1, [2005] 2007,
209 but prior to January 1, [2006] 2008, in the case of any such taxpayer
210 who files under the federal income tax for such taxable year as an
211 unmarried individual whose Connecticut adjusted gross income
212 exceeds sixty thousand five hundred dollars, the amount of the credit
213 that exceeds one hundred dollars shall be reduced by ten per cent for
214 each ten thousand dollars, or fraction thereof, by which the taxpayer's
215 Connecticut adjusted gross income exceeds said amount.

216 (H) For taxable years commencing on or after January 1, [2006] 2008,
217 but prior to January 1, [2007] 2009, in the case of any such taxpayer
218 who files under the federal income tax for such taxable year as an
219 unmarried individual whose Connecticut adjusted gross income
220 exceeds sixty-two thousand five hundred dollars, the amount of the
221 credit that exceeds one hundred dollars shall be reduced by ten per
222 cent for each ten thousand dollars, or fraction thereof, by which the
223 taxpayer's Connecticut adjusted gross income exceeds said amount.

224 (I) For taxable years commencing on or after January 1, [2007] 2009,
225 in the case of any such taxpayer who files under the federal income tax
226 for such taxable year as an unmarried individual whose Connecticut
227 adjusted gross income exceeds sixty-four thousand five hundred

228 dollars, the amount of the credit that exceeds one hundred dollars shall
229 be reduced by ten per cent for each ten thousand dollars, or fraction
230 thereof, by which the taxpayer's Connecticut adjusted gross income
231 exceeds said amount.

232 Sec. 5. Subdivision (1) of section 12-408 of the general statutes, as
233 amended by section 3 of public act 01-6 of the June special session, is
234 repealed and the following is substituted in lieu thereof (*Effective from*
235 *passage*):

236 (1) For the privilege of making any sales, as defined in subdivision
237 (2) of section 12-407, as amended, at retail, in this state for a
238 consideration, a tax is hereby imposed on all retailers at the rate of six
239 per cent of the gross receipts of any retailer from the sale of all tangible
240 personal property sold at retail or from the rendering of any services
241 constituting a sale in accordance with subdivision (2) of section 12-407,
242 as amended, except, in lieu of said rate of six per cent, (A) at a rate of
243 twelve per cent with respect to each transfer of occupancy, from the
244 total amount of rent received for such occupancy of any room or
245 rooms in a hotel or lodging house for the first period not exceeding
246 thirty consecutive calendar days, (B) with respect to the sale of a motor
247 vehicle to any individual who is a member of the armed forces of the
248 United States and is on full-time active duty in Connecticut and who is
249 considered, under 50 App USC 574, a resident of another state, or to
250 any such individual and the spouse thereof, at a rate of four and
251 one-half per cent of the gross receipts of any retailer from such sales,
252 provided such retailer requires and maintains a declaration by such
253 individual, prescribed as to form by the commissioner and bearing
254 notice to the effect that false statements made in such declaration are
255 punishable, or other evidence, satisfactory to the commissioner,
256 concerning the purchaser's state of residence under 50 App USC 574,
257 (C) (i) with respect to the sales of computer and data processing
258 services occurring on or after July 1, 1997, and prior to July 1, 1998, at
259 the rate of five per cent, on or after July 1, 1998, and prior to July 1,
260 1999, at the rate of four per cent, on or after July 1, 1999, and prior to
261 July 1, 2000, at the rate of three per cent, on or after July 1, 2000, and

262 prior to July 1, 2001, at the rate of two per cent, on or after July 1, 2001,
263 and prior to July 1, [2002] 2004, at the rate of one per cent and on and
264 after July 1, [2002] 2004, such services shall be exempt from such tax,
265 (ii) with respect to sales of Internet access services, on and after July 1,
266 2001, such services shall be exempt from such tax, (D) with respect to
267 the sales of labor that is otherwise taxable under subdivision (c) or (g)
268 of subsection (2) of section 12-407, as amended, on existing vessels and
269 repair or maintenance services on vessels occurring on and after July 1,
270 1999, such services shall be exempt from such tax, (E) with respect to
271 sales of the renovation and repair services of paving of any sort,
272 painting or staining, wallpapering, roofing, siding and exterior sheet
273 metal work, to other than industrial, commercial or income-producing
274 real property, occurring on or after July 1, 1999, and prior to July 1,
275 2000, at the rate of four per cent, with respect to such sales occurring
276 on or after July 1, 2000, but prior to July 1, 2001, at the rate of two per
277 cent, and on and after July 1, 2001, sales of such renovation and repair
278 services shall be exempt from such tax, and (F) with respect to patient
279 care services occurring on or after July 1, 1999, and prior to July 1,
280 2001, and with respect to such services occurring on or after July 1,
281 2003, at the rate of five and three-fourths per cent. The rate of tax
282 imposed by this chapter shall be applicable to all retail sales upon the
283 effective date of such rate, except that a new rate which represents an
284 increase in the rate applicable to the sale shall not apply to any sales
285 transaction wherein a binding sales contract without an escalator
286 clause has been entered into prior to the effective date of the new rate
287 and delivery is made within ninety days after the effective date of the
288 new rate. For the purposes of payment of the tax imposed under this
289 section, any retailer of services taxable under subdivision (2)(i) of
290 section 12-407, as amended, who computes taxable income, for
291 purposes of taxation under the Internal Revenue Code of 1986, or any
292 subsequent corresponding internal revenue code of the United States,
293 as from time to time amended, on an accounting basis which
294 recognizes only cash or other valuable consideration actually received
295 as income and who is liable for such tax only due to the rendering of
296 such services may make payments related to such tax for the period

297 during which such income is received, without penalty or interest,
298 without regard to when such service is rendered.

299 Sec. 6. Subdivision (1) of section 12-411 of the general statutes, as
300 amended by sections 2 and 65 of public act 01-6 of the June special
301 session, is repealed and the following is substituted in lieu thereof
302 (*Effective from passage*):

303 (1) An excise tax is hereby imposed on the storage, acceptance,
304 consumption or any other use in this state of tangible personal
305 property purchased from any retailer for storage, acceptance,
306 consumption or any other use in this state, the acceptance or receipt of
307 any services constituting a sale in accordance with subdivision (2) of
308 section 12-407, as amended, purchased from any retailer for
309 consumption or use in this state, or the storage, acceptance,
310 consumption or any other use in this state of tangible personal
311 property which has been manufactured, fabricated, assembled or
312 processed from materials by a person, either within or without this
313 state, for storage, acceptance, consumption or any other use by such
314 person in this state, to be measured by the sales price of materials, at
315 the rate of six per cent of the sales price of such property or services,
316 except, in lieu of said rate of six per cent, (A) at a rate of twelve per
317 cent of the rent paid for occupancy of any room or rooms in a hotel or
318 lodging house for the first period of not exceeding thirty consecutive
319 calendar days, (B) with respect to the storage, acceptance, consumption
320 or use in this state of a motor vehicle purchased from any retailer for
321 storage, acceptance, consumption or use in this state by any individual
322 who is a member of the armed forces of the United States and is on
323 full-time active duty in Connecticut and who is considered, under 50
324 App USC 574, a resident of another state, or to any such individual
325 and the spouse of such individual at a rate of four and one-half per
326 cent of the sales price of such vehicle, provided such retailer requires
327 and maintains a declaration by such individual, prescribed as to form
328 by the commissioner and bearing notice to the effect that false
329 statements made in such declaration are punishable, or other evidence,
330 satisfactory to the commissioner, concerning the purchaser's state of

331 residence under 50 App USC 574, (C) with respect to the acceptance or
 332 receipt in this state of labor that is otherwise taxable under subdivision
 333 (c) or (g) of subsection (2) of section 12-407, as amended, on existing
 334 vessels and repair or maintenance services on vessels occurring on and
 335 after July 1, 1999, such services shall be exempt from such tax, (D) (i)
 336 with respect to the acceptance or receipt in this state of computer and
 337 data processing services purchased from any retailer for consumption
 338 or use in this state occurring on or after July 1, 1997, and prior to July 1,
 339 1998, at the rate of five per cent of such services, on or after July 1,
 340 1998, and prior to July 1, 1999, at the rate of four per cent of such
 341 services, on or after July 1, 1999, and prior to July 1, 2000, at the rate of
 342 three per cent of such services, on or after July 1, 2000, and prior to July
 343 1, 2001, at the rate of two per cent of such services, on and after July 1,
 344 2001, and prior to July 1, [2002] 2004, at the rate of one per cent of such
 345 services and on and after July 1, [2002] 2004, such services shall be
 346 exempt from such tax, and (ii) with respect to the acceptance or receipt
 347 in this state of Internet access services, on or after July 1, 2001, such
 348 services shall be exempt from tax, (E) with respect to the acceptance or
 349 receipt in this state of patient care services purchased from any retailer
 350 for consumption or use in this state occurring on or after July 1, 1999,
 351 and prior to July 1, 2001, and with respect to acceptance or receipt in
 352 this state of such services occurring on or after July 1, 2003, at the rate
 353 of five and three-fourths per cent, and (F) with respect to acceptance of
 354 the renovation and repair services of paving of any sort, painting or
 355 staining, wallpapering, roofing, siding and exterior sheet metal work,
 356 to other than industrial, commercial or income-producing real
 357 property, occurring on or after July 1, 1999, and prior to July 1, 2000, at
 358 the rate of four per cent, with respect to such sales occurring on or after
 359 July 1, 2000, and prior to July 1, 2001, at the rate of two per cent, and on
 360 and after July 1, 2001, sales of such renovation and repair services shall
 361 be exempt from such tax.

This act shall take effect as follows:	
Section 1	<i>from passage and applicable to income years commencing on or after January 1, 2002</i>

Sec. 2	<i>from passage and applicable to taxable years commencing on or after January 1, 2002</i>
Sec. 3	<i>from passage and applicable to taxable years commencing on or after January 1, 2002</i>
Sec. 4	<i>from passage and applicable to taxable years commencing on or after January 1, 2002</i>
Sec. 5	<i>from passage</i>
Sec. 6	<i>from passage</i>

FIN *Joint Favorable Subst.*

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 \$	FY 04 \$
GF - Revenue Gain	Department of Revenue Services	\$22.7 million	\$30.6 million

Note: GF=General Fund

Municipal Impact: None

Explanation

The following table presents the fiscal impact of each of the provisions contained in the bill.

Sec.	Description	FY 03	FY 04	FY 05	FY 06	FY 07
		(\$ - Millions)				
1	Delays the scheduled phase-out of the Gift Tax by 2 years.	0.7	1.5	2.0	12.5	11.9
2,3,4	Delays the scheduled phase-out of the singles exemption under the income tax by 2 years.	12.0	18.6	26.2	31.2	35.7
5,6	Delays the scheduled phase-out of computer and data processing by 2 years.	10.0	10.5	-	-	-
	Total	22.7	30.6	28.2	43.7	47.6

OLR Bill Analysis

sSB 29

AN ACT DEFERRING THE PHASE-DOWN OF THE GIFT TAX AND THE SALES AND USE TAX ON COMPUTER AND DATA PROCESSING SERVICES AND DEFERRING THE INCREASE IN THE SINGLES EXEMPTION UNDER THE INCOME TAX**SUMMARY:**

This bill delays by two years scheduled phase-outs of taxes on gifts of \$1 million or less and on computer and data processing services. For single filers and married couples filing separately, it also delays by two years scheduled gradual increases in (1) the personal income tax exemption, (2) income tax credit eligibility levels, and (3) credit reduction income thresholds.

EFFECTIVE DATE: Upon passage. The gift and income tax provisions apply to income and taxable years, respectively, starting on or after January 1, 2002.

GIFT TAX

The bill stretches out a scheduled six-year phase-out of the tax on gifts of \$1 million or less by delaying the effective date of each scheduled rate reduction on gifts over \$25,000 by two years, thus delaying final elimination from January 1, 2006 to January 1, 2008. It freezes the gift tax at the 2001 rates for the 2002 and 2003 calendar years and defers each subsequent reduction by two years as shown in Table 1.

Table 1: Current and Proposed Gift Tax Phase-Out Schedule

Current Law: 2001		Current Law: 2002		Current Law: 2003	
The Bill: 2001-2003		The Bill: 2004		The Bill: 2005	
<i>Gift</i>	<i>Tax</i>	<i>Gift</i>	<i>Tax</i>	<i>Gift</i>	<i>Tax</i>
\$25,001 - \$50,000	\$250 plus 2% of the amount over \$25,000	\$50,000 or less	None	\$75,000 or less	None
\$50,001- \$75,000	\$750 plus 3% of the amount over \$50,000	\$50,001- \$75,000	\$750 plus 3% of the amount over \$50,000		
\$75,001-	\$1,500 plus	\$75,001-	\$1,500 plus 4%	\$75,001-	\$1,500 plus

\$100,000	4% of the amount over \$75,000	\$100,000	of the amount over \$75,000	\$100,000	4% of the amount over \$75,000
\$100,001-\$675,000	\$2,500 plus 5% of the amount over \$100,000	\$100,001-\$700,000	\$2,500 plus 5% of the amount over \$100,000	\$100,001-\$700,000	\$2,500 plus 5% of the amount over \$100,000
Over \$675,000	\$31,250 plus 6% of the amount over \$675,000	Over \$700,000	\$32,500 plus 6% of the amount over \$700,000	Over \$700,000	\$32,500 plus 6% of the amount over \$700,000

Current Law: 2004		Current Law: 2005		Current Law: 2006 and after	
The Bill: 2006		The Bill: 2007		The Bill: 2008 and after	
<i>Gift</i>	<i>Tax</i>	<i>Gift</i>	<i>Tax</i>	<i>Gift</i>	<i>Tax</i>
\$100,000 or less	None	\$950,000 or less	None	\$1 million or less	None
\$100,001-\$850,000	\$2,500 plus 5% of the amount over \$100,000				
Over \$850,000	\$40,000 plus 6% of the amount over \$850,000	Over \$950,000	\$45,000 plus 6% of the amount over \$950,000	Over \$1 million	\$47,500 plus 6% of the amount over \$1 million

COMPUTER AND DATA PROCESSING SERVICES

The bill defers the final step of a scheduled phase-out of the sales and use tax on computer and data processing services by two years. Under current law, the remaining 1% tax on such services is to expire on July 1, 2002. The bill delays the expiration date until July 1, 2004.

INCOME TAX

Personal Exemption

For single people and married couples filing separately, the bill freezes the personal exemption from the state income tax and the income threshold for a reduced exemption at 2001 levels until 2004. It also delays increases in the exemption and exemption reduction thresholds scheduled for taxable years 2002 through 2007 by two years each so they take effect for 2004 through 2009 (see Table 2).

Table 2: Singles Exemption Schedule

Taxable Year(s)		Exemption	Exemption Reduction Threshold
<i>Current Law</i>	<i>The Bill</i>		
2001	2001-2003	\$12,500	\$25,000
2002	2004	12,750	25,500
2003	2005	13,000	26,000
2004	2006	13,500	27,000
2005	2007	14,000	28,000
2006	2008	14,500	29,000
2007 and after	2009 and after	15,000	30,000

Income Tax Credit

The bill delays increases in adjusted gross income levels at which singles qualify for income tax credits. It does so by freezing until 2004 the 2001 income tables used to figure credits and correspondingly delaying scheduled implementation dates for each new income table by two years. Credits range from 75% for people with the lowest qualifying incomes to 1% for those with the highest. Table 3 shows the credits for the lowest and highest income ranges under the current law and the bill.

Table 3: Singles Tax Credit Schedule

Taxable Year(s)		Income Ranges	
<i>Current Law</i>	<i>The Bill</i>	<i>Lowest (75% credit)</i>	<i>Highest (1% credit)</i>
2001	2001-2003	\$12,500-\$15,600	\$54,000-\$54,500
2002	2004	12,750-15,900	55,000-55,500
2003	2005	13,000-16,300	56,000-56,500
2004	2006	13,500-16,900	58,000-58,500
2005	2007	14,000-17,500	60,000-65,500
2006	2008	14,500-18,100	62,000-62,500
2007 and after	2009 and after	15,000-18,800	64,000-64,500

Credit Reduction Threshold

Income tax credits over \$100 are reduced by 10% for each \$10,000 of annual income above a specified threshold. The bill delays by two years scheduled increases in these thresholds for single filers as shown in Table 4.

Table 4: Singles Credit Reduction Threshold

Credit Phase-Out Threshold	Taxable Year(s)	
	<i>Current Law</i>	<i>The Bill</i>

\$54,500	2001	2001-2003
55,500	2002	2004
56,500	2003	2005
58,500	2004	2006
60,500	2005	2007
62,500	2006	2008
64,500	2007 and after	2009 and after

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 27 Nay 17