



General Assembly

**Substitute Bill No. 1321**

January Session, 2005

\* SB01321FIN 042205 \*

**AN ACT CONCERNING VARIOUS TAXES AND OTHER PROVISIONS  
RELATED TO REVENUES OF THE STATE.**

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

1 Section 1. Subsection (e) of section 3-62h of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective from*  
3 *passage*):

4 (e) The State Bond Commission may, prior to June 30, [2005] 2007,  
5 authorize the issuance of abandoned property fund bonds in one or  
6 more series and in principal amounts not to exceed sixty million  
7 dollars plus such additional amount of abandoned property fund  
8 bonds required to fund Special Abandoned Property Fund financing  
9 costs in accordance with the proceedings authorizing the abandoned  
10 property fund bonds for the purpose of disbursing funds to the  
11 General Fund in support of state programs. Such abandoned property  
12 fund bonds are hereby determined to be issued for valid public  
13 [proposes] purposes in the exercise of essential government functions.

14 Sec. 2. Subsection (b) of section 12-214 of the general statutes is  
15 repealed and the following is substituted in lieu thereof (*Effective from*  
16 *passage and applicable to income years commencing on or after January 1,*  
17 *2005*):

18 (b) (1) With respect to income years commencing on or after January

19 1, 1989, and prior to January 1, 1992, any company subject to the tax  
20 imposed in accordance with subsection (a) of this section shall pay, for  
21 each such income year, an additional tax in an amount equal to twenty  
22 per cent of the tax calculated under said subsection (a) for such income  
23 year, without reduction of the tax so calculated by the amount of any  
24 credit against such tax. The additional amount of tax determined  
25 under this subsection for any income year shall constitute a part of the  
26 tax imposed by the provisions of said subsection (a) and shall become  
27 due and be paid, collected and enforced as provided in this chapter.

28 (2) With respect to income years commencing on or after January 1,  
29 1992, and prior to January 1, 1993, any company subject to the tax  
30 imposed in accordance with subsection (a) of this section shall pay, for  
31 each such income year, an additional tax in an amount equal to ten per  
32 cent of the tax calculated under said subsection (a) for such income  
33 year, without reduction of the tax so calculated by the amount of any  
34 credit against such tax. The additional amount of tax determined  
35 under this subsection for any income year shall constitute a part of the  
36 tax imposed by the provisions of said subsection (a) and shall become  
37 due and be paid, collected and enforced as provided in this chapter.

38 (3) With respect to income years commencing on or after January 1,  
39 2003, and prior to January 1, 2004, any company subject to the tax  
40 imposed in accordance with subsection (a) of this section shall pay, for  
41 each such income year, an additional tax in an amount equal to twenty  
42 per cent of the tax calculated under said subsection (a) [or section 91 of  
43 public act 03-1 of the June 30 special session\*,] for such income year,  
44 without reduction of the tax so calculated by the amount of any credit  
45 against such tax. The additional amount of tax determined under this  
46 subsection for any income year shall constitute a part of the tax  
47 imposed by the provisions of said subsection (a) and shall become due  
48 and be paid, collected and enforced as provided in this chapter.

49 (4) With respect to income years commencing on or after January 1,  
50 2004, and prior to January 1, 2005, any company subject to the tax  
51 imposed in accordance with subsection (a) of this section shall pay, for

52 each such income year, an additional tax in an amount equal to  
53 twenty-five per cent of the tax calculated under said subsection (a) [or  
54 section 91 of public act 03-1 of the June 30 special session\*,] for such  
55 income year, without reduction of the tax so calculated by the amount  
56 of any credit against such tax, except that any company that pays the  
57 minimum tax of two hundred fifty dollars under section 12-219, as  
58 amended by this act, or 12-223c for such income year shall not be  
59 subject to the additional tax imposed by this subdivision. The  
60 additional amount of tax determined under this subdivision for any  
61 income year shall constitute a part of the tax imposed by the  
62 provisions of said subsection (a) and shall become due and be paid,  
63 collected and enforced as provided in this chapter.

64 (5) With respect to income years commencing on or after January 1,  
65 2005, and prior to January 1, 2006, any company subject to the tax  
66 imposed in accordance with subsection (a) of this section shall pay, for  
67 each such income year, an additional tax in an amount equal to ten per  
68 cent of the tax calculated under said subsection (a) for such income  
69 year, without reduction of the tax so calculated by the amount of any  
70 credit against such tax. The additional amount of tax determined  
71 under this subsection for any income year shall constitute a part of the  
72 tax imposed by the provisions of said subsection (a) and shall become  
73 due and be paid, collected and enforced as provided in this chapter.

74 (6) With respect to income years commencing on or after January 1,  
75 2006, and prior to January 1, 2007, any company subject to the tax  
76 imposed in accordance with subsection (a) of this section shall pay, for  
77 each such income year, an additional tax in an amount equal to fifteen  
78 per cent of the tax calculated under said subsection (a) for such income  
79 year, without reduction of the tax so calculated by the amount of any  
80 credit against such tax. The additional amount of tax determined  
81 under this subsection for any income year shall constitute a part of the  
82 tax imposed by the provisions of said subsection (a) and shall become  
83 due and be paid, collected and enforced as provided in this chapter.

84 (7) With respect to income years commencing on or after January 1,

85 2007, and prior to January 1, 2008, any company subject to the tax  
86 imposed in accordance with subsection (a) of this section shall pay, for  
87 each such income year, an additional tax in an amount equal to fifteen  
88 per cent of the tax calculated under said subsection (a) for such income  
89 year, without reduction of the tax so calculated by the amount of any  
90 credit against such tax. The additional amount of tax determined  
91 under this subsection for any income year shall constitute a part of the  
92 tax imposed by the provisions of said subsection (a) and shall become  
93 due and be paid, collected and enforced as provided in this chapter.

94 Sec. 3. Subsection (b) of section 12-219 of the general statutes is  
95 repealed and the following is substituted in lieu thereof (*Effective from*  
96 *passage and applicable to income years commencing on or after January 1,*  
97 *2005*):

98 (b) (1) With respect to income years commencing on or after January  
99 1, 1989, and prior to January 1, 1992, the additional tax imposed on any  
100 company and calculated in accordance with subsection (a) of this  
101 section shall, for each such income year, except when the tax so  
102 calculated is equal to two hundred fifty dollars, be increased by adding  
103 thereto an amount equal to twenty per cent of the additional tax so  
104 calculated for such income year, without reduction of the additional  
105 tax so calculated by the amount of any credit against such tax. The  
106 increased amount of tax payable by any company under this section,  
107 as determined in accordance with this subsection, shall become due  
108 and be paid, collected and enforced as provided in this chapter.

109 (2) With respect to income years commencing on or after January 1,  
110 1992, and prior to January 1, 1993, the additional tax imposed on any  
111 company and calculated in accordance with subsection (a) of this  
112 section shall, for each such income year, except when the tax so  
113 calculated is equal to two hundred fifty dollars, be increased by adding  
114 thereto an amount equal to ten per cent of the additional tax so  
115 calculated for such income year, without reduction of the tax so  
116 calculated by the amount of any credit against such tax. The increased  
117 amount of tax payable by any company under this section, as

118 determined in accordance with this subsection, shall become due and  
119 be paid, collected and enforced as provided in this chapter.

120 (3) With respect to income years commencing on or after January 1,  
121 2003, and prior to January 1, 2004, the additional tax imposed on any  
122 company and calculated in accordance with subsection (a) of this  
123 section [or section 91 of public act 03-1 of the June 30 special session\*]  
124 shall, for each such income year, be increased by adding thereto an  
125 amount equal to twenty per cent of the additional tax so calculated for  
126 such income year, without reduction of the tax so calculated by the  
127 amount of any credit against such tax. The increased amount of tax  
128 payable by any company under this section, as determined in  
129 accordance with this subsection, shall become due and be paid,  
130 collected and enforced as provided in this chapter.

131 (4) With respect to income years commencing on or after January 1,  
132 2004, and prior to January 1, 2005, the additional tax imposed on any  
133 company and calculated in accordance with subsection (a) of this  
134 section [or section 91 of public act 03-1 of the June 30 special session\*]  
135 shall, for each such income year, be increased by adding thereto an  
136 amount equal to twenty-five per cent of the additional tax so  
137 calculated for such income year, without reduction of the tax so  
138 calculated by the amount of any credit against such tax, except that  
139 any company that pays the minimum tax of two hundred fifty dollars  
140 under this section or section 12-223c for such income year shall not be  
141 subject to such additional tax. The increased amount of tax payable by  
142 any company under this subdivision, as determined in accordance  
143 with this subsection, shall become due and be paid, collected and  
144 enforced as provided in this chapter.

145 (5) With respect to income years commencing on or after January 1,  
146 2005, and prior to January 1, 2006, the additional tax imposed on any  
147 company and calculated in accordance with subsection (a) of this  
148 section shall, for each such income year, except when the tax so  
149 calculated is equal to two hundred fifty dollars, be increased by adding  
150 thereto an amount equal to ten per cent of the additional tax so

151 calculated for such income year, without reduction of the tax so  
152 calculated by the amount of any credit against such tax. The increased  
153 amount of tax payable by any company under this section, as  
154 determined in accordance with this subsection, shall become due and  
155 be paid, collected and enforced as provided in this chapter.

156 (6) With respect to income years commencing on or after January 1,  
157 2006, and prior to January 1, 2007, the additional tax imposed on any  
158 company and calculated in accordance with subsection (a) of this  
159 section shall, for each such income year, except when the tax so  
160 calculated is equal to two hundred fifty dollars, be increased by adding  
161 thereto an amount equal to fifteen per cent of the additional tax so  
162 calculated for such income year, without reduction of the tax so  
163 calculated by the amount of any credit against such tax. The increased  
164 amount of tax payable by any company under this section, as  
165 determined in accordance with this subsection, shall become due and  
166 be paid, collected and enforced as provided in this chapter.

167 (7) With respect to income years commencing on or after January 1,  
168 2007, and prior to January 1, 2008, the additional tax imposed on any  
169 company and calculated in accordance with subsection (a) of this  
170 section shall, for each such income year, except when the tax so  
171 calculated is equal to two hundred fifty dollars, be increased by adding  
172 thereto an amount equal to fifteen per cent of the additional tax so  
173 calculated for such income year, without reduction of the tax so  
174 calculated by the amount of any credit against such tax. The increased  
175 amount of tax payable by any company under this section, as  
176 determined in accordance with this subsection, shall become due and  
177 be paid, collected and enforced as provided in this chapter.

178 Sec. 4. Subsections (d) and (e) of section 12-344 of the general  
179 statutes are repealed and the following is substituted in lieu thereof  
180 (*Effective from passage and applicable to calendar years commencing on or*  
181 *after January 1, 2005*):

182 (d) The tax under this section applicable to the net taxable estate of

183 any transferor, whose death occurs on or after January 1, 1999, passing  
184 to a class B beneficiary shall be imposed as follows: (1) If the death of  
185 the transferor occurs on or after January 1, 1999, but prior to January 1,  
186 2000, at the rate of (A) six per cent on the amount in excess of two  
187 hundred thousand dollars in value to and including two hundred fifty  
188 thousand dollars, (B) seven per cent on the amount in excess of two  
189 hundred fifty thousand dollars in value to and including four hundred  
190 thousand dollars, (C) eight per cent on the amount in excess of four  
191 hundred thousand dollars in value to and including six hundred  
192 thousand dollars, (D) nine per cent on the amount in excess of six  
193 hundred thousand dollars in value to and including one million  
194 dollars, and (E) ten per cent on the amount in excess of one million  
195 dollars in value, (2) if the death of the transferor occurs on or after  
196 January 1, 2000, but prior to January 1, 2001, at the rate of (A) eight per  
197 cent on the amount in excess of four hundred thousand dollars in  
198 value to and including six hundred thousand dollars, (B) nine per cent  
199 on the amount in excess of six hundred thousand dollars in value to  
200 and including one million dollars, and (C) ten per cent on the amount  
201 in excess of one million dollars in value, (3) if the death of the  
202 transferor occurs on or after January 1, 2001, but prior to January 1,  
203 2005, at the rate of (A) nine per cent on the amount in excess of six  
204 hundred thousand dollars in value to and including one million  
205 dollars, and (B) ten per cent on the amount in excess of one million  
206 dollars in value, (4) if the death of the transferor occurs on or after  
207 January 1, 2005, [but prior to January 1, 2006, at the rate of eight per  
208 cent on the amount in excess of one million five hundred thousand  
209 dollars in value, and (5) if the death of the transferor occurs on or after  
210 January 1, 2006,] the net taxable estate passing to a class B beneficiary  
211 shall not be subject to tax under this chapter.

212 (e) The tax under this section applicable to the net taxable estate of  
213 any transferor, whose death occurs on or after January 1, 2001, passing  
214 to a class C beneficiary shall be imposed as follows: (1) If the death of  
215 the transferor occurs on or after January 1, 2001, but prior to January 1,  
216 2005, at the rate of (A) ten per cent on the amount in excess of two

217 hundred thousand dollars in value to and including two hundred fifty  
218 thousand dollars, (B) eleven per cent on the amount in excess of two  
219 hundred fifty thousand dollars in value to and including four hundred  
220 thousand dollars, (C) twelve per cent on the amount in excess of four  
221 hundred thousand dollars in value to and including six hundred  
222 thousand dollars, (D) thirteen per cent on the amount in excess of six  
223 hundred thousand dollars in value to and including one million  
224 dollars, and (E) fourteen per cent on the amount in excess of one  
225 million dollars in value, (2) if the death of the transferor occurs on or  
226 after January 1, 2005, [but prior to January 1, 2006, at the rate of (A)  
227 twelve per cent on the amount in excess of four hundred thousand  
228 dollars in value to and including six hundred thousand dollars, (B)  
229 thirteen per cent on the amount in excess of six hundred thousand  
230 dollars in value to and including one million dollars, and (C) fourteen  
231 per cent on the amount in excess of one million dollars in value, (3) if  
232 the death of the transferor occurs on or after January 1, 2006, but prior  
233 to January 1, 2007, at the rate of (A) thirteen per cent on the amount in  
234 excess of six hundred thousand dollars in value to and including one  
235 million dollars, and (B) fourteen per cent on the amount in excess of  
236 one million dollars in value, (4) if the death of the transferor occurs on  
237 or after January 1, 2007, but prior to January 1, 2008, at the rate of  
238 fourteen per cent on the amount in excess of one million five hundred  
239 thousand dollars in value, and (5) if the death of the transferor occurs  
240 on or after January 1, 2008,] the net taxable estate passing to a class C  
241 beneficiary shall not be subject to tax under this chapter.

242 Sec. 5. Subsection (a) of section 12-642 of the general statutes is  
243 repealed and the following is substituted in lieu thereof (*Effective from*  
244 *passage and applicable to calendar years commencing on or after January 1,*  
245 *2005*):

246 (a) (1) With respect to calendar years commencing prior to January  
247 1, 2001, the tax imposed by section 12-640 for the calendar year shall be  
248 at a rate of the taxable gifts made by the donor during the calendar  
249 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

250 (2) With respect to the calendar years commencing January 1, 2001,  
 251 January 1, 2002, January 1, 2003, and January 1, 2004, [and January 1,  
 252 2005,] the tax imposed by section 12-640 for each such calendar year  
 253 shall be at a rate of the taxable gifts made by the donor during the  
 254 calendar year set forth in the 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

255 [(3) With respect to the calendar year commencing January 1, 2006,  
 256 the tax imposed by section 12-640 for the calendar year shall be at a  
 257 rate of the taxable gifts made by the donor during the calendar year set

258 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

259 (4) With respect to the calendar year commencing January 1, 2007,  
 260 the tax imposed by section 12-640 for the calendar year shall be at a  
 261 rate of the taxable gifts made by the donor during the calendar year set  
 262 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

263 (5) With respect to the calendar year commencing January 1, 2008,  
 264 the tax imposed by section 12-640 for the calendar year shall be at a  
 265 rate of the taxable gifts made by the donor during the calendar year set  
 266 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



T56	<u>but not over \$1,100,000</u>	<u>over \$1,093,785</u>
T57	<u>Over \$1,100,000</u>	<u>\$38,800 plus 6.4% of the excess</u>
T58	<u>but not over \$1,600,000</u>	<u>over \$1,100,000</u>
T59	<u>Over \$1,600,000</u>	<u>\$70,800 plus 7.2% of the excess</u>
T60	<u>but not over \$2,100,000</u>	<u>over \$1,600,000</u>
T61	<u>Over \$2,100,000</u>	<u>\$106,800 plus 8% of the excess</u>
T62	<u>but not over \$2,600,000</u>	<u>over \$2,100,000</u>
T63	<u>Over \$2,600,000</u>	<u>\$146,800 plus 8.8% of the excess</u>
T64	<u>but not over \$3,100,000</u>	<u>over \$2,600,000</u>
T65	<u>Over \$3,100,000</u>	<u>\$190,800 plus 9.6% of the excess</u>
T66	<u>but not over \$3,600,000</u>	<u>over \$3,100,000</u>
T67	<u>Over \$3,600,000</u>	<u>\$238,800 plus 10.4% of the excess</u>
T68	<u>but not over \$4,100,000</u>	<u>over \$3,600,000</u>
T69	<u>Over \$4,100,000</u>	<u>\$290,800 plus 11.2% of the excess</u>
T70	<u>but not over \$5,100,000</u>	<u>over \$4,100,000</u>
T71	<u>Over \$5,100,000</u>	<u>\$402,800 plus 12% of the excess</u>
T72	<u>but not over \$6,100,000</u>	<u>over \$5,100,000</u>
T73	<u>Over \$6,100,000</u>	<u>\$522,800 plus 12.8% of the excess</u>
T74	<u>but not over \$7,100,000</u>	<u>over \$6,100,000</u>
T75	<u>Over \$7,100,000</u>	<u>\$650,800 plus 13.6% of the excess</u>
T76	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T77	<u>Over \$8,100,000</u>	<u>\$786,800 plus 14.4% of the excess</u>
T78	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T79	<u>Over \$9,100,000</u>	<u>\$930,800 plus 15.2% of the excess</u>
T80	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T81	<u>Over \$10,100,000</u>	<u>\$1,082,800 plus 16% of the excess</u>
T82		<u>over \$10,100,000</u>

281       Sec. 6. Section 12-643 of the general statutes is repealed and the  
 282 following is substituted in lieu thereof (*Effective from passage and*  
 283 *applicable to calendar years commencing on or after January 1, 2005*):

284       (a) The term "taxable gifts" means the transfers by gift which are  
 285 included in taxable gifts for federal gift tax purposes under Section  
 286 2503 and Sections 2511 to 2514, inclusive, and Sections 2516 to 2519,  
 287 inclusive, of the Internal Revenue Code of 1986, or any subsequent  
 288 corresponding internal revenue code of the United States, as from time  
 289 to time amended, less the deductions allowed in Sections 2522 to 2524,  
 290 inclusive, of said Internal Revenue Code, except in the event of repeal

291 of the federal gift tax, than all references to the Internal Revenue Code  
292 in this section shall mean the Internal Revenue Code as in force on the  
293 day prior to the effective date of such repeal.

294 (b) In the administration of the tax under this chapter, the  
295 Commissioner of Revenue Services shall apply the provisions of  
296 Sections 2701 to 2704, inclusive, of said Internal Revenue Code. The  
297 words "secretary or his delegate" as used in the aforementioned  
298 sections of the Internal Revenue Code means the Commissioner of  
299 Revenue Services.

300 (c) The term "Connecticut taxable gifts" means the aggregate sum of  
301 taxable gifts made for all calendar years beginning January 1, 2005, by  
302 residents of this state, or gifts of real estate or tangible personal  
303 property located within this state made by nonresidents for all  
304 calendar years commencing January 1, 2005. "Connecticut taxable gifts"  
305 does not include tangible personal property or real estate having a  
306 situs outside the state of Connecticut.

307 Sec. 7. Section 12-391 of the general statutes is repealed and the  
308 following is substituted in lieu thereof (*Effective from passage and*  
309 *applicable to estates of decedents who die on or after January 1, 2005*):

310 (a) [A] With respect to estates of decedents who die prior to January  
311 1, 2005, a tax is imposed upon the transfer of the estate of each person  
312 who at the time of death was a resident of this state. The amount of the  
313 tax shall be the amount of the federal credit allowable for estate,  
314 inheritance, legacy and succession taxes paid to any state or the  
315 District of Columbia under the provisions of the federal internal  
316 revenue code in force at the date of such decedent's death in respect to  
317 any property owned by such decedent or subject to such taxes as part  
318 of or in connection with the estate of such decedent. If real or tangible  
319 personal property of such decedent is located outside of this state and  
320 is subject to estate, inheritance, legacy, or succession taxes by any state  
321 or states, other than the state of Connecticut, or by the District of  
322 Columbia for which such federal credit is allowable, the amount of tax

323 due under this section shall be reduced by the lesser of: (1) The amount  
324 of any such taxes paid to such other state or states or said district and  
325 allowed as a credit against the federal estate tax; or (2) an amount  
326 computed by multiplying such federal credit by a fraction, (A) the  
327 numerator of which is the value of that part of the decedent's gross  
328 estate over which such other state or states or said district have  
329 jurisdiction for estate tax purposes to the same extent to which this  
330 state would assert jurisdiction for estate tax purposes under this  
331 chapter with respect to the residents of such other state or states or  
332 said district, and (B) the denominator of which is the value of the  
333 decedent's gross estate. Property of a resident estate over which this  
334 state has jurisdiction for estate tax purposes includes real property  
335 situated in this state, tangible personal property having an actual situs  
336 in this state, and intangible personal property owned by the decedent,  
337 regardless of where it is located. The amount of any estate tax imposed  
338 under this subsection shall also be reduced, but not below zero, by the  
339 amount of any tax that is imposed under chapter 216 and that is  
340 actually paid to this state.

341 (b) [A] With respect to the estates of decedents who die prior to  
342 January 1, 2005, a tax is imposed upon the transfer of the estate of each  
343 person who at the time of death was a nonresident of this state, the  
344 amount of which shall be computed by multiplying (1) the federal  
345 credit allowable for estate, inheritance, legacy, and succession taxes  
346 paid to any state or states or the District of Columbia under the  
347 provisions of the federal internal revenue code in force at the date of  
348 such decedent's death in respect to any property owned by such  
349 decedent or subject to such taxes as a part of or in connection with the  
350 estate of such decedent by (2) a fraction, (A) the numerator of which is  
351 the value of that part of the decedent's gross estate over which this  
352 state has jurisdiction for estate tax purposes and (B) the denominator  
353 of which is the value of the decedent's gross estate. Property of a  
354 nonresident estate over which this state has jurisdiction for estate tax  
355 purposes includes real property situated in this state and tangible  
356 personal property having an actual situs in this state. The amount of

357 any estate tax imposed under this subsection shall also be reduced, but  
358 not below zero, by the amount of any tax that is imposed under  
359 chapter 216 and that is actually paid to this state.

360 [(c) For purposes of subsections (a) and (b) of this section, "gross  
361 estate" means the gross estate, for federal estate tax purposes.]

362 (c) For purposes of this section:

363 (1) "Connecticut taxable estate" means (A) the gross estate less  
364 allowable deductions, as determined under Chapter 11 of the Internal  
365 Revenue Code, plus (B) Connecticut taxable gifts, as defined in section  
366 12-643, as amended by this act, made by the decedent for all calendar  
367 years beginning on or after January 1, 2005. The deduction for state  
368 death taxes paid under Section 2058 of said code shall be disregarded.

369 (2) "Internal Revenue Code" means the Internal Revenue Code of  
370 1986, or any subsequent corresponding internal revenue code of the  
371 United States, as from time to time amended, except in the event of  
372 repeal of the federal estate tax, then all references to the Internal  
373 Revenue Code in this section shall mean the Internal Revenue Code as  
374 in force on the day prior to the effective date of such repeal.

375 (3) "Gross estate" means the gross estate, for federal estate tax  
376 purposes.

377 (d) (1) With respect to the estates of decedents who die on or after  
378 January 1, 2005, a tax is imposed upon the transfer of the estate of each  
379 person who at the time of death was a resident of this state. Such tax  
380 shall be imposed upon the portion of the Connecticut taxable estate  
381 that exceeds one million dollars in value. The amount of the tax shall  
382 be determined using the schedule in subsection (e) of this section. A  
383 credit shall be allowed against such tax for any taxes paid to this state  
384 pursuant to section 12-642, as amended by this act, on or after January  
385 1, 2005.

386 (2) If real or tangible personal property of such decedent is located

387 outside of this state and is subject to estate, inheritance, legacy or  
388 succession taxes by any state or states, other than the state of  
389 Connecticut, or by the District of Columbia, the amount of tax due  
390 under this section shall be reduced by the lesser of: (A) The amount of  
391 any taxes paid to such other state or states or said district; or (B) an  
392 amount computed by multiplying the federal credit, if any, allowable  
393 for estate, inheritance, legacy and succession taxes by a fraction, (i) the  
394 numerator of which is the value of that part of the decedent's gross  
395 estate over which such other state or states or said district have  
396 jurisdiction for estate tax purposes to the same extent to which this  
397 state would assert jurisdiction for estate tax purposes under chapter  
398 217, with respect to the residents of such other state or states or said  
399 district, and (ii) the denominator of which is the value of the decedent's  
400 gross estate.

401 (3) Property of a resident estate over which this state has jurisdiction  
402 for estate tax purposes includes real property situated in this state,  
403 tangible personal property having an actual situs in this state, and  
404 intangible personal property owned by the decedent, regardless of  
405 where it is located.

406 (e) (1) With respect to the estates of decedents who die on or after  
407 January 1, 2005, a tax is imposed upon the transfer of the portion of the  
408 Connecticut taxable estate that exceeds one million dollars in value of  
409 each person who at the time of death was a nonresident of this state.  
410 The amount of such tax shall be computed by multiplying (A) the  
411 amount of tax determined using the schedule in subsection (e) of this  
412 section by (B) a fraction, (i) the numerator of which is the value of that  
413 part of the decedent's gross estate over which this state has jurisdiction  
414 for estate tax purposes, and (ii) the denominator of which is the value  
415 of the decedent's gross estate. A credit shall be allowed against such  
416 tax for any taxes paid to this state pursuant to section 12-642, as  
417 amended by this act, on or after January 1, 2005.

418 (2) Property of a nonresident estate over which this state has  
419 jurisdiction for estate tax purposes includes real property situated in

420 this state and tangible personal property having an actual situs in this  
 421 state.

422 (f) (1) For purposes of the tax imposed under this section, the value  
 423 of the Connecticut taxable estate shall be determined taking into  
 424 account all of the deductions available under the Internal Revenue  
 425 Code of 1986, specifically including, but not limited to, the deduction  
 426 available under Section 2056(b)(7) of said code for a qualifying income  
 427 interest for life in a surviving spouse.

428 (2) An election under said Section 2056(b)(7) may be made for state  
 429 estate tax purposes regardless of whether any such election is made for  
 430 federal estate tax purposes. The value of the gross estate shall include  
 431 the value of any property in which the decedent had a qualifying  
 432 income interest for life for which an election was made under this  
 433 subsection.

434 (g) With respect to the estates of decedents dying on or after January  
 435 1, 2005, the tax based on the Connecticut taxable estate shall be as  
 436 provided in the following schedule:

<u>Amount of Connecticut</u>	<u>Rate of Tax</u>
T83 <u>Taxable Estate</u>	
T84 <u>Not over \$1,000,000</u>	<u>None</u>
T85 <u>Over \$1,000,000</u>	<u>41% of the excess</u>
T86 <u>but not over \$1,093,785</u>	<u>over \$1,000,000</u>
T87 <u>Over \$1,093,785</u>	<u>\$38,452 plus 5.6% of the excess</u>
T88 <u>but not over \$1,100,000</u>	<u>over \$1,093,785</u>
T89 <u>Over \$1,100,000</u>	<u>\$38,800 plus 6.4% of the excess</u>
T90 <u>but not over \$1,600,000</u>	<u>over \$1,100,000</u>
T91 <u>Over \$1,600,000</u>	<u>\$70,800 plus 7.2% of the excess</u>
T92 <u>but not over \$2,100,000</u>	<u>over \$1,600,000</u>
T93 <u>Over \$2,100,000</u>	<u>\$106,800 plus 8% of the excess</u>
T94 <u>but not over \$2,600,000</u>	<u>over \$2,100,000</u>
T95 <u>Over \$2,600,000</u>	<u>\$146,800 plus 8.8% of the excess</u>
T96 <u>but not over \$3,100,000</u>	<u>over \$2,600,000</u>
T97 <u>Over \$3,100,000</u>	<u>\$190,800 plus 9.6% of the excess</u>
T98	

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T99	<u>but not over \$3,600,000</u>	<u>over \$3,100,000</u>
T100	<u>Over \$3,600,000</u>	<u>\$238,800 plus 10.4% of the excess</u>
T101	<u>but not over \$4,100,000</u>	<u>over \$3,600,000</u>
T102	<u>Over \$4,100,000</u>	<u>\$290,800 plus 11.2% of the excess</u>
T103	<u>but not over \$5,100,000</u>	<u>over \$4,100,000</u>
T104	<u>Over \$5,100,000</u>	<u>\$402,800 plus 12% of the excess</u>
T105	<u>but not over \$6,100,000</u>	<u>over \$5,100,000</u>
T106	<u>Over \$6,100,000</u>	<u>\$522,800 plus 12.8% of the excess</u>
T107	<u>but not over \$7,100,000</u>	<u>over \$6,100,000</u>
T108	<u>Over \$7,100,000</u>	<u>\$650,800 plus 13.6% of the excess</u>
T109	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T110	<u>Over \$8,100,000</u>	<u>\$786,800 plus 14.4% of the excess</u>
T111	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T112	<u>Over \$9,100,000</u>	<u>\$930,800 plus 15.2% of the excess</u>
T113	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T114	<u>Over \$10,100,000</u>	<u>\$1,082,800 plus 16% of the excess</u>
T115		<u>over \$10,100,000</u>

437        [(d)] (h) (1) For the purposes of this chapter, each decedent shall be  
 438 presumed to have died a resident of this state. The burden of proof in  
 439 an estate tax proceeding shall be upon any decedent's estate claiming  
 440 exemption by reason of the decedent's alleged nonresidency.

441        (2) Any person required to make and file a tax return under this  
 442 chapter, believing that the decedent died a nonresident of this state,  
 443 may file a request for determination of domicile in writing with the  
 444 Commissioner of Revenue Services, stating the specific grounds upon  
 445 which the request is founded provided (A) such person has filed such  
 446 return, (B) at least two hundred seventy days, but no more than three  
 447 years, has elapsed since the due date of such return or, if an  
 448 application for extension of time to file such return has been granted,  
 449 the extended due date of such return, (C) such person has not been  
 450 notified, in writing, by said commissioner that a written agreement of  
 451 compromise with the taxing authorities of another jurisdiction, under  
 452 section 12-395a, is being negotiated, and (D) the commissioner has not  
 453 previously determined whether the decedent died a resident of this  
 454 state. Not later than one hundred eighty days following receipt of such

455 request for determination, the commissioner shall determine whether  
456 such decedent died a resident or a nonresident of this state. If the  
457 commissioner commences negotiations over a written agreement of  
458 compromise with the taxing authorities of another jurisdiction after a  
459 request for determination of domicile is filed, the one-hundred-eighty-  
460 day period shall be tolled for the duration of such negotiations. When,  
461 before the expiration of such one-hundred-eighty-day period, both the  
462 commissioner and the person required to make and file a tax return  
463 under this chapter have consented in writing to the making of such  
464 determination after such time, the determination may be made at any  
465 time prior to the expiration of the period agreed upon. The period so  
466 agreed upon may be extended by subsequent agreements in writing  
467 made before the expiration of the period previously agreed upon. The  
468 commissioner shall mail notice of his proposed determination to the  
469 person required to make and file a tax return under this chapter. Such  
470 notice shall set forth briefly the commissioner's findings of fact and the  
471 basis of such proposed determination. Sixty days after the date on  
472 which it is mailed, a notice of proposed determination shall constitute  
473 a final determination unless the person required to make and file a tax  
474 return under this chapter has filed, as provided in subdivision (3) of  
475 this subsection, a written protest with the Commissioner of Revenue  
476 Services.

477 (3) On or before the sixtieth day after mailing of the proposed  
478 determination, the person required to make and file a tax return under  
479 this chapter may file with the commissioner a written protest against  
480 the proposed determination in which such person shall set forth the  
481 grounds on which the protest is based. If such a protest is filed, the  
482 commissioner shall reconsider the proposed determination and, if the  
483 person required to make and file a tax return under this chapter has so  
484 requested, may grant or deny such person or the authorized  
485 representatives of such person an oral hearing.

486 (4) Notice of the commissioner's determination shall be mailed to  
487 the person required to make and file a tax return under this chapter  
488 and such notice shall set forth briefly the commissioner's findings of

489 fact and the basis of decision in each case decided adversely to such  
490 person.

491 (5) The action of the commissioner on a written protest shall be final  
492 upon the expiration of one month from the date on which he mails  
493 notice of his action to the person required to make and file a tax return  
494 under this chapter unless within such period such person seeks review  
495 of the commissioner's determination pursuant to subsection (b) of  
496 section 12-395.

497 (6) Nothing in this subsection shall be construed to relieve any  
498 person filing a request for determination of domicile of the obligation  
499 to pay the correct amount of tax on or before the due date of the tax.

500 Sec. 8. Subdivision (3) of subsection (b) of section 12-392 of the  
501 general statutes is repealed and the following is substituted in lieu  
502 thereof (*Effective from passage*):

503 (3) A tax return shall be filed, in the case of every decedent who  
504 died prior to January 1, 2005, and at the time of death was (A) a  
505 resident of this state, or (B) a nonresident of this state whose gross  
506 estate includes any real property situated in this state or tangible  
507 personal property having an actual situs in this state, whenever the  
508 personal representative of the estate is required by the laws of the  
509 United States to file a federal estate tax return. A tax return shall be  
510 filed, in the case of every decedent who dies on or after January 1,  
511 2005, and at the time of death was (i) a resident of this state, or (ii) a  
512 nonresident of this state whose gross estate includes any real property  
513 situated in this state or tangible personal property having an actual  
514 situs in this state, whenever such decedent's gross estate plus  
515 Connecticut taxable gifts, as defined in section 12-643, as amended by  
516 this act, exceeds one million dollars. The duly authorized executor or  
517 administrator shall file the return. If there is more than one executor or  
518 administrator, the return shall be made jointly by all. If there is no  
519 executor or administrator appointed, qualified and acting, each person  
520 in actual or constructive possession of any property of the decedent is

521 constituted an executor for purposes of the tax and shall make and file  
 522 a return. If in any case the executor is unable to make a complete  
 523 return as to any part of the gross estate, the executor shall provide all  
 524 the information available to him with respect to such property,  
 525 including a full description, and the name of every person holding a  
 526 legal or beneficial interest in the property. If the executor is unable to  
 527 make a return as to any property, each person holding a legal or  
 528 equitable interest in such property shall, upon notice from the  
 529 commissioner, make a return as to that part of the gross estate.

530 Sec. 9. Subdivision (6) of subsection (a) of section 12-700 of the  
 531 general statutes is repealed and the following is substituted in lieu  
 532 thereof (*Effective from passage and applicable to taxable years commencing*  
 533 *on or after January 1, 2005*):

534 (6) For taxable years commencing on or after January 1, ~~[2003]~~ 2005,  
 535 but prior to January 1, 2006, in accordance with the following schedule:

536 (A) For any person who files a return under the federal income tax  
 537 for such taxable year as an unmarried individual or [as a married  
 538 individual filing separately] for trusts or estates:

T116 Connecticut Taxable Income	Rate of Tax
T117 Not over \$10,000	3.0%
T118 Over \$10,000	\$300.00, plus 5.0% of the
T119 <u>but not over \$265,500</u>	excess over \$10,000
T120 <u>Over \$265,500</u>	<u>\$13,075, plus 5.75% of the</u>
T121 <u>but not over \$398,500</u>	<u>excess over \$265,500</u>
T122 <u>Over \$398,500</u>	<u>\$20,722.50, plus 6.0% of the</u>
T123 <u>but not over \$531,500</u>	<u>excess over \$398,500</u>
T124 <u>Over \$531,500</u>	<u>\$28,702.50, plus 6.25% of the</u>
T125 <u>but not over \$1,062,500</u>	<u>excess over \$531,500</u>
T126 <u>Over \$1,062,500</u>	<u>\$61,858.75, plus 6.50% of the</u>
T127	<u>excess over \$1,062,500</u>

539 (B) For any person who files a return under the federal income tax

540 for such taxable year as a head of household, as defined in Section 2(b)  
 541 of the Internal Revenue Code:

T128	Connecticut Taxable Income	Rate of Tax
T129	Not over \$16,000	3.0%
T130	Over \$16,000	\$480.00, plus 5.0% of the
T131	<u>but not over \$396,000</u>	excess over \$16,000
T132	<u>Over \$396,000</u>	<u>\$19,480, plus 5.75% of the</u>
T133	<u>but not over \$594,000</u>	<u>excess over \$396,000</u>
T134	<u>Over \$594,000</u>	<u>\$30,865, plus 6.0% of the</u>
T135	<u>but not over \$792,000</u>	<u>excess over \$594,000</u>
T136	<u>Over \$792,000</u>	<u>\$42,745, plus 6.25% of the</u>
T137	<u>but not over \$1,580,000</u>	<u>excess over \$792,000</u>
T138	<u>Over \$1,580,000</u>	<u>\$91,995, plus 6.50% of the</u>
T139		<u>excess over \$1,580,000</u>

542 (C) For any husband and wife who file a return under the federal  
 543 income tax for such taxable year as married individuals filing jointly or  
 544 any person who files a return under the federal income tax for such  
 545 taxable year as a surviving spouse, as defined in Section 2(a) of the  
 546 Internal Revenue Code:

T140	Connecticut Taxable Income	Rate of Tax
T141	Not over \$20,000	3.0%
T142	Over \$20,000	\$600.00, plus 5.0% of the
T143	<u>but not over \$500,000</u>	excess over \$20,000
T144	<u>Over \$500,000</u>	<u>\$24,600, plus 5.75% of the</u>
T145	<u>but not over \$750,000</u>	<u>excess over \$500,000</u>
T146	<u>Over \$750,000</u>	<u>\$38,975, plus 6.0% of the</u>
T147	<u>but not over \$1,000,000</u>	<u>excess over \$750,000</u>
T148	<u>Over \$1,000,000</u>	<u>\$53,975, plus 6.25% of the</u>
T149	<u>but not over \$2,000,000</u>	<u>excess over \$1,000,000</u>
T150	<u>Over \$2,000,000</u>	<u>\$116,475, plus 6.50% of the</u>
T151		<u>excess over \$2,000,000</u>

547 (D) [For trusts or estates, the rate of tax shall be 5.0% of the  
 548 Connecticut taxable income.] For any person who files a return under  
 549 the federal income tax for such taxable year as a married individual  
 550 filing separately:

T152	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T153	<u>Not over \$10,000</u>	<u>3.0%</u>
T154	<u>Over \$10,000</u>	<u>\$300.00, plus 5.0% of the</u>
T155	<u>but not over \$250,000</u>	<u>excess over \$10,000</u>
T156	<u>Over \$250,000</u>	<u>\$12,300, plus 5.75% of the</u>
T157	<u>but not over \$375,000</u>	<u>excess over \$250,000</u>
T158	<u>Over \$375,000</u>	<u>\$19,487.50, plus 6.0% of the</u>
T159	<u>but not over \$500,000</u>	<u>excess over \$375,000</u>
T160	<u>Over \$500,000</u>	<u>\$26,987.50, plus 6.25% of the</u>
T161	<u>but not over \$1,000,000</u>	<u>excess over \$500,000</u>
T162	<u>Over \$1,000,000</u>	<u>\$58,237.50, plus 6.50% of the</u>
T163		<u>excess over \$1,000,000</u>

551 (7) For taxable years commencing on or after January 1, 2006, in  
 552 accordance with the following schedule:

553 (A) For any person who files a return under the federal income tax  
 554 for such taxable year as an unmarried individual or for trusts and  
 555 estates:

T164	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T165	<u>Not over \$10,000</u>	<u>3.0%</u>
T166	<u>Over \$10,000</u>	<u>\$300.00, plus 5.0% of the</u>
T167	<u>but not over \$265,500</u>	<u>excess over \$10,000</u>
T168	<u>Over \$265,500</u>	<u>\$13,075, plus 6.0% of the</u>
T169	<u>but not over \$398,500</u>	<u>excess over \$265,500</u>
T170	<u>Over \$398,500</u>	<u>\$21,055.50, plus 6.25% of the</u>
T171	<u>but not over \$531,500</u>	<u>excess over \$398,500</u>
T172	<u>Over \$531,500</u>	<u>\$29,367.50, plus 6.50% of the</u>
T173	<u>but not over \$1,062,500</u>	<u>excess over \$531,500</u>
T174	<u>Over \$1,062,500</u>	<u>\$63,850, plus 6.75% of the</u>
T175		<u>excess over \$1,062,500</u>

556 (B) For any person who files a return under the federal income tax  
 557 for such taxable year as a head of household, as defined in Section 2(b)  
 558 of the Internal Revenue Code:

<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T176 <u>Not over \$16,000</u>	<u>3.0%</u>
T177 <u>Over \$16,000</u>	<u>\$480.00, plus 5.0% of the</u>
T178 <u>but not over \$396,000</u>	<u>excess over \$16,000</u>
T179 <u>Over \$396,000</u>	<u>\$19,480, plus 6.0% of the</u>
T180 <u>but not over \$594,000</u>	<u>excess over \$396,000</u>
T181 <u>Over \$594,000</u>	<u>\$31,360, plus 6.25% of the</u>
T182 <u>but not over \$792,000</u>	<u>excess over \$594,000</u>
T183 <u>Over \$792,000</u>	<u>\$43,735, plus 6.50% of the</u>
T184 <u>but not over \$1,580,000</u>	<u>excess over \$792,000</u>
T185 <u>Over \$1,580,000</u>	<u>\$94,955, plus 6.75% of the</u>
T186	<u>excess over \$1,580,000</u>
T187	

559 (C) For any husband and wife who file a return under the federal  
 560 income tax for such taxable year as married individuals filing jointly or  
 561 any person who files a return under the federal income tax for such  
 562 taxable year as a surviving spouse, as defined in Section 2(a) of the  
 563 Internal Revenue Code:

<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T188 <u>Not over \$20,000</u>	<u>3.0%</u>
T189 <u>Over \$20,000</u>	<u>\$600.00, plus 5.0% of the</u>
T190 <u>but not over \$500,000</u>	<u>excess over \$20,000</u>
T191 <u>Over \$500,000</u>	<u>\$24,600, plus 6.0% of the</u>
T192 <u>but not over \$750,000</u>	<u>excess over \$500,000</u>
T193 <u>Over \$750,000</u>	<u>\$39,600, plus 6.25% of the</u>
T194 <u>but not over \$1,000,000</u>	<u>excess over \$750,000</u>
T195 <u>Over \$1,000,000</u>	<u>\$55,225, plus 6.50% of the</u>
T196 <u>but not over \$2,000,000</u>	<u>excess over \$1,000,000</u>
T197 <u>Over \$2,000,000</u>	<u>\$120,225, plus 6.75% of the</u>
T198	<u>excess over \$2,000,000</u>
T199	

564 (D) For any person who files a return under the federal income tax

565 for such taxable year as a married individual filing separately:

T200	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T201	<u>Not over \$10,000</u>	<u>3.0%</u>
T202	<u>Over \$10,000</u>	<u>\$300.00, plus 5.0% of the</u>
T203	<u>but not over \$250,000</u>	<u>excess over \$10,000</u>
T204	<u>Over \$250,000</u>	<u>\$12,300, plus 6.0% of the</u>
T205	<u>but not over \$375,000</u>	<u>excess over \$250,000</u>
T206	<u>Over \$375,000</u>	<u>\$19,800, plus 6.25% of the</u>
T207	<u>but not over \$500,000</u>	<u>excess over \$375,000</u>
T208	<u>Over \$500,000</u>	<u>\$27,612.50, plus 6.50% of the</u>
T209	<u>but not over \$1,000,000</u>	<u>excess over \$500,000</u>
T210	<u>Over \$1,000,000</u>	<u>\$60,112.50, plus 6.75% of the</u>
T211		<u>excess over \$1,000,000</u>

566       Sec. 10. (*Effective from passage*) The Commissioner of Revenue  
567 Services shall adjust the withholding tables issued for purposes of  
568 administering the personal income tax imposed under chapter 229 of  
569 the general statutes to take account of any changes in such tax made by  
570 this act and, on or before June 1, 2005, shall issue new withholding  
571 tables applicable to taxable years commencing on or after January 1,  
572 2005, provided the tables applicable to the period from March 1, 2005,  
573 to June 30, 2005, shall provide for the collection of a tax computed in  
574 such manner as to result, so far as practicable, in withholding from the  
575 employee's wages during such period an amount substantially  
576 equivalent to the tax reasonably estimated to be due from the  
577 employee under said chapter 229 with respect to the amount of such  
578 wages during a six-month period and further provided the tables  
579 applicable to any period after June 30, 2005, shall be prepared as  
580 provided in section 12-705 of the general statutes.

581       Sec. 11. (*Effective from passage*) Notwithstanding the provisions of  
582 section 12-722 of the general statutes, any taxpayer required to make  
583 an estimated payment in June, 2005, for the tax due under chapter 229  
584 of the general statutes shall make such payment in an amount which is  
585 adjusted for any change in the rate applicable to the current taxable  
586 year, as provided in section 12-700 of the general statutes, as amended

587 by this act.

588       Sec. 12. (*Effective from passage*) Notwithstanding the provisions of  
589 section 12-722 of the general statutes, the Commissioner of Revenue  
590 Services may forgive any imposition of interest or penalties on an  
591 underpayment of any estimated tax due during the taxable year  
592 commencing on January 1, 2005, provided such underpayment is due  
593 to the changes in tax rates made by this act. Such forgiveness of  
594 interest or penalties shall not exempt any taxpayer from full payment  
595 of all taxes due for the taxable year commencing on January 1, 2005.

596       Sec. 13. Subparagraph (B) of subdivision (20) of subsection (a) of  
597 section 12-701 of the general statutes is repealed and the following is  
598 substituted in lieu thereof (*Effective from passage and applicable for taxable*  
599 *years commencing on or after January 1, 2008*):

600       (B) There shall be subtracted therefrom (i) to the extent properly  
601 includable in gross income for federal income tax purposes, any  
602 income with respect to which taxation by any state is prohibited by  
603 federal law, (ii) to the extent allowable under section 12-718, exempt  
604 dividends paid by a regulated investment company, (iii) the amount of  
605 any refund or credit for overpayment of income taxes imposed by this  
606 state, or any other state of the United States or a political subdivision  
607 thereof, or the District of Columbia, to the extent properly includable  
608 in gross income for federal income tax purposes, (iv) to the extent  
609 properly includable in gross income for federal income tax purposes  
610 and not otherwise subtracted from federal adjusted gross income  
611 pursuant to clause (x) of this subparagraph in computing Connecticut  
612 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the  
613 extent any additional allowance for depreciation under Section 168(k)  
614 of the Internal Revenue Code, as provided by Section 101 of the Job  
615 Creation and Worker Assistance Act of 2002, for property placed in  
616 service after December 31, 2001, but prior to September 10, 2004, was  
617 added to federal adjusted gross income pursuant to subparagraph (A)  
618 (ix) of this subdivision in computing Connecticut adjusted gross  
619 income for a taxable year ending after December 31, 2001, twenty-five

620 per cent of such additional allowance for depreciation in each of the  
621 four succeeding taxable years, (vi) to the extent properly includable in  
622 gross income for federal income tax purposes, any interest income  
623 from obligations issued by or on behalf of the state of Connecticut, any  
624 political subdivision thereof, or public instrumentality, state or local  
625 authority, district or similar public entity created under the laws of the  
626 state of Connecticut, (vii) to the extent properly includable in  
627 determining the net gain or loss from the sale or other disposition of  
628 capital assets for federal income tax purposes, any gain from the sale  
629 or exchange of obligations issued by or on behalf of the state of  
630 Connecticut, any political subdivision thereof, or public  
631 instrumentality, state or local authority, district or similar public entity  
632 created under the laws of the state of Connecticut, in the income year  
633 such gain was recognized, (viii) any interest on indebtedness incurred  
634 or continued to purchase or carry obligations or securities the interest  
635 on which is subject to tax under this chapter but exempt from federal  
636 income tax, to the extent that such interest on indebtedness is not  
637 deductible in determining federal adjusted gross income and is  
638 attributable to a trade or business carried on by such individual, (ix)  
639 ordinary and necessary expenses paid or incurred during the taxable  
640 year for the production or collection of income which is subject to  
641 taxation under this chapter but exempt from federal income tax, or the  
642 management, conservation or maintenance of property held for the  
643 production of such income, and the amortizable bond premium for the  
644 taxable year on any bond the interest on which is subject to tax under  
645 this chapter but exempt from federal income tax, to the extent that  
646 such expenses and premiums are not deductible in determining federal  
647 adjusted gross income and are attributable to a trade or business  
648 carried on by such individual, (x) (I) for a person who files a return  
649 under the federal income tax as an unmarried individual whose  
650 federal adjusted gross income for such taxable year is less than fifty  
651 thousand dollars, or as a married individual filing separately whose  
652 federal adjusted gross income for such taxable year is less than fifty  
653 thousand dollars, or for a husband and wife who file a return under  
654 the federal income tax as married individuals filing jointly whose

655 federal adjusted gross income for such taxable year is less than sixty  
656 thousand dollars or a person who files a return under the federal  
657 income tax as a head of household whose federal adjusted gross  
658 income for such taxable year is less than sixty thousand dollars, an  
659 amount equal to the Social Security benefits includable for federal  
660 income tax purposes; and (II) for a person who files a return under the  
661 federal income tax as an unmarried individual whose federal adjusted  
662 gross income for such taxable year is fifty thousand dollars or more, or  
663 as a married individual filing separately whose federal adjusted gross  
664 income for such taxable year is fifty thousand dollars or more, or for a  
665 husband and wife who file a return under the federal income tax as  
666 married individuals filing jointly whose federal adjusted gross income  
667 from such taxable year is sixty thousand dollars or more or for a  
668 person who files a return under the federal income tax as a head of  
669 household whose federal adjusted gross income for such taxable year  
670 is sixty thousand dollars or more, an amount equal to the difference  
671 between the amount of Social Security benefits includable for federal  
672 income tax purposes and the lesser of twenty-five per cent of the Social  
673 Security benefits received during the taxable year, or twenty-five per  
674 cent of the excess described in Section 86(b)(1) of the Internal Revenue  
675 Code, (xi) to the extent properly includable in gross income for federal  
676 income tax purposes, any amount rebated to a taxpayer pursuant to  
677 section 12-746, (xii) to the extent properly includable in the gross  
678 income for federal income tax purposes of a designated beneficiary,  
679 any distribution to such beneficiary from any qualified state tuition  
680 program, as defined in Section 529(b) of the Internal Revenue Code,  
681 established and maintained by this state or any official, agency or  
682 instrumentality of the state, (xiii) to the extent properly includable in  
683 gross income for federal income tax purposes, the amount of any  
684 Holocaust victims' settlement payment received in the taxable year by  
685 a Holocaust victim, [and] (xiv) to the extent properly includable in  
686 gross income for federal income tax purposes of an account holder, as  
687 defined in section 31-51ww, interest earned on funds deposited in the  
688 individual development account, as defined in section 31-51ww, of  
689 such account holder, and (xv) to the extent properly included in gross

690 income for federal income tax purposes, fifty per cent of the income  
691 received from the United States government as retirement pay for a  
692 retired member of (I) the Armed Forces of the United States, as defined  
693 in Section 101 of Title 10 of the United States Code, or (II) the National  
694 Guard, as defined in Section 101 of Title 10 of the United States Code.

695 Sec. 14. Subdivision (24) of subsection (a) of section 12-701 of the  
696 general statutes is repealed and the following is substituted in lieu  
697 thereof (*Effective from passage and applicable for taxable years commencing*  
698 *on or after January 1, 2008*):

699 (24) "Adjusted federal tentative minimum tax" of an individual  
700 means such individual's federal tentative minimum tax or, in the case  
701 of an individual whose Connecticut adjusted gross income includes  
702 modifications described in subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi),  
703 (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this section  
704 or subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii), (B)(ix),  
705 (B)(x), [or] (B)(xiii) or (B)(xv) of subdivision (20) of subsection (a) of  
706 this section, as amended by this act, the amount that would have been  
707 the federal tentative minimum tax if such tax were calculated by  
708 including, to the extent not includable in federal alternative minimum  
709 taxable income, the modifications described in subparagraph (A)(i),  
710 (A)(ii), (A)(v), (A)(vi), (A)(vii) or (A)(viii) of subdivision (20) of  
711 subsection (a) of this section, by excluding, to the extent includable in  
712 federal alternative minimum taxable income, the modifications  
713 described in subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii),  
714 (B)(ix), (B)(x), [or] (B)(xiii) or (B)(xv) of subdivision (20) of subsection  
715 (a) of this section, as amended by this act, and by excluding, to the  
716 extent includable in federal alternative minimum taxable income, the  
717 amount of any interest income or exempt-interest dividends, as  
718 defined in Section 852(b)(5) of the Internal Revenue Code, from  
719 obligations that are issued by or on behalf of the state of Connecticut,  
720 any political subdivision thereof, or public instrumentality, state or  
721 local authority, district, or similar public entity that is created under  
722 the laws of the state of Connecticut, or from obligations that are issued  
723 by or on behalf of any territory or possession of the United States, any

724 political subdivision of such territory or possession, or public  
725 instrumentality, authority, district or similar public entity of such  
726 territory or possession, the income with respect to which taxation by  
727 any state is prohibited by federal law. If such individual is a  
728 beneficiary of a trust or estate, then, in calculating his or her federal  
729 tentative minimum tax, his or her federal alternative taxable income  
730 shall be increased or decreased, as the case may be, by the net amount  
731 of such individual's proportionate share of the Connecticut fiduciary  
732 adjustment relating to modifications that are described in, to the extent  
733 not includable in federal alternative minimum taxable income,  
734 subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi), (A)(vii) or (A)(viii) of  
735 subdivision (20) of subsection (a) of this section, or, to the extent  
736 includable in federal alternative minimum taxable income,  
737 subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii), (B)(ix),  
738 (B)(x), [or] (B)(xiii) or (B)(xv) of subdivision (20) of subsection (a) of  
739 this section, as amended by this act.

740 Sec. 15. Subdivision (30) of subsection (a) of section 12-701 of the  
741 general statutes is repealed and the following is substituted in lieu  
742 thereof (*Effective from passage and applicable for taxable years commencing*  
743 *on or after January 1, 2008*):

744 (30) "Adjusted federal alternative minimum taxable income" of an  
745 individual means his or her federal alternative minimum taxable  
746 income or, in the case of an individual whose Connecticut adjusted  
747 gross income includes modifications described in subparagraph (A)(i),  
748 (A)(ii), (A)(v), (A)(vi), (A)(vii) or (A)(viii) of subdivision (20) of  
749 subsection (a) of this section or subparagraph (B)(i), (B)(ii), (B)(v),  
750 (B)(vi), (B)(vii), (B)(viii), (B)(ix), (B)(x), [or] (B)(xiii) or (B)(xv) of  
751 subdivision (20) of subsection (a) of this section, as amended by this  
752 act, the amount that would have been the federal alternative minimum  
753 taxable income if such amount were calculated by including, to the  
754 extent not includable in federal alternative minimum taxable income,  
755 the modifications described in subparagraph (A)(i), (A)(ii), (A)(v),  
756 (A)(vi), (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this  
757 section, by excluding, to the extent includable in federal alternative

758 minimum taxable income, the modifications described in  
759 subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii), (B)(ix),  
760 (B)(x), ~~or~~ (B)(xiii) or (B)(xv) of subdivision (20) of subsection (a) of  
761 this section, as amended by this act, and by excluding, to the extent  
762 includable in federal alternative minimum taxable income, the amount  
763 of any interest income or exempt-interest dividends, as defined in  
764 Section 852(b)(5) of the Internal Revenue Code, from obligations that  
765 are issued by or on behalf of the state of Connecticut, any political  
766 subdivision thereof, or public instrumentality, state or local authority,  
767 district, or similar public entity that is created under the laws of the  
768 state of Connecticut, or from obligations that are issued by or on behalf  
769 of any territory or possession of the United States, any political  
770 subdivision of such territory or possession, or public instrumentality,  
771 authority, district or similar public entity of such territory or  
772 possession, the income with respect to which taxation by any state is  
773 prohibited by federal law. If such individual is a beneficiary of a trust  
774 or estate, then, for purposes of calculating his or her adjusted federal  
775 alternative minimum taxable income, his or her federal alternative  
776 minimum taxable income shall also be increased or decreased, as the  
777 case may be, by the net amount of such individual's proportionate  
778 share of the Connecticut fiduciary adjustment relating to modifications  
779 to the extent not includable in federal alternative minimum taxable  
780 income, that are described in subparagraph (A)(i), (A)(ii), (A)(v),  
781 (A)(vi), (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this  
782 section or to the extent includable in federal alternative minimum  
783 taxable income, subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii),  
784 (B)(viii), (B)(ix), (B)(x), ~~or~~ (B)(xiii) or (B)(xv) of subdivision (20) of  
785 subsection (a) of this section, as amended by this act.

786 Sec. 16. Subsection (a) of section 12-702 of the general statutes is  
787 repealed and the following is substituted in lieu thereof (*Effective from*  
788 *passage and applicable to taxable years commencing on or after January 1,*  
789 *2005*):

790 (a) (1) (A) Any person, other than a trust or estate, subject to the tax  
791 under this chapter for any taxable year who files under the federal

792 income tax for such taxable year as a married individual filing  
793 separately or, for taxable years commencing prior to January 1, 2000,  
794 who files income tax for such taxable year as an unmarried individual  
795 shall be entitled to a personal exemption of twelve thousand dollars in  
796 determining Connecticut taxable income for purposes of this chapter.

797 (B) In the case of any such taxpayer whose Connecticut adjusted  
798 gross income for the taxable year exceeds twenty-four thousand  
799 dollars, the exemption amount shall be reduced by one thousand  
800 dollars for each one thousand dollars, or fraction thereof, by which the  
801 taxpayer's Connecticut adjusted gross income for the taxable year  
802 exceeds said amount. In no event shall the reduction exceed one  
803 hundred per cent of the exemption.

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

810 (A) For taxable years commencing on or after January 1, 2000, but  
811 prior to January 1, 2001, twelve thousand two hundred fifty dollars. In  
812 the case of any such taxpayer whose Connecticut adjusted gross  
813 income for the taxable year exceeds twenty-four thousand five  
814 hundred dollars, the exemption amount shall be reduced by one  
815 thousand dollars for each one thousand dollars, or fraction thereof, by  
816 which the taxpayer's Connecticut adjusted gross income for the taxable  
817 year exceeds said amount. In no event shall the reduction exceed one  
818 hundred per cent of the exemption;

819 (B) For taxable years commencing on or after January 1, 2001, but  
820 prior to January 1, 2004, twelve thousand five hundred dollars. In the  
821 case of any such taxpayer whose Connecticut adjusted gross income  
822 for the taxable year exceeds twenty-five thousand dollars, the  
823 exemption amount shall be reduced by one thousand dollars for each

824 one thousand dollars, or fraction thereof, by which the taxpayer's  
825 Connecticut adjusted gross income for the taxable year exceeds said  
826 amount. In no event shall the reduction exceed one hundred per cent  
827 of the exemption;

828 (C) For taxable years commencing on or after January 1, 2004, but  
829 prior to January 1, [2005] 2007, twelve thousand six hundred twenty-  
830 five dollars. In the case of any such taxpayer whose Connecticut  
831 adjusted gross income for the taxable year exceeds twenty-five  
832 thousand two hundred fifty dollars, the exemption amount shall be  
833 reduced by one thousand dollars for each one thousand dollars, or  
834 fraction thereof, by which the taxpayer's Connecticut adjusted gross  
835 income for the taxable year exceeds said amount. In no event shall the  
836 reduction exceed one hundred per cent of the exemption;

837 (D) For taxable years commencing on or after January 1, [2005] 2007,  
838 but prior to January 1, [2006] 2008, twelve thousand seven hundred  
839 fifty dollars. In the case of any such taxpayer whose Connecticut  
840 adjusted gross income for the taxable year exceeds twenty-five  
841 thousand five hundred dollars, the exemption amount shall be  
842 reduced by one thousand dollars for each one thousand dollars, or  
843 fraction thereof, by which the taxpayer's Connecticut adjusted gross  
844 income for the taxable year exceeds said amount. In no event shall the  
845 reduction exceed one hundred per cent of the exemption;

846 (E) For taxable years commencing on or after January 1, [2006] 2008,  
847 but prior to January 1, [2007] 2009, thirteen thousand dollars. In the  
848 case of any such taxpayer whose Connecticut adjusted gross income  
849 for the taxable year exceeds twenty-six thousand dollars, the  
850 exemption amount shall be reduced by one thousand dollars for each  
851 one thousand dollars, or fraction thereof, by which the taxpayer's  
852 Connecticut adjusted gross income for the taxable year exceeds said  
853 amount. In no event shall the reduction exceed one hundred per cent  
854 of the exemption;

855 (F) For taxable years commencing on or after January 1, [2007] 2009,

856 but prior to January 1, [2008] 2010, thirteen thousand five hundred  
857 dollars. In the case of any such taxpayer whose Connecticut adjusted  
858 gross income for the taxable year exceeds twenty-seven thousand  
859 dollars, the exemption amount shall be reduced by one thousand  
860 dollars for each one thousand dollars, or fraction thereof, by which the  
861 taxpayer's Connecticut adjusted gross income for the taxable year  
862 exceeds said amount. In no event shall the reduction exceed one  
863 hundred per cent of the exemption;

864 (G) For taxable years commencing on or after January 1, [2008] 2010,  
865 but prior to January 1, [2009] 2011, fourteen thousand dollars. In the  
866 case of any such taxpayer whose Connecticut adjusted gross income  
867 for the taxable year exceeds twenty-eight thousand dollars, the  
868 exemption amount shall be reduced by one thousand dollars for each  
869 one thousand dollars, or fraction thereof, by which the taxpayer's  
870 Connecticut adjusted gross income for the taxable year exceeds said  
871 amount. In no event shall the reduction exceed one hundred per cent  
872 of the exemption;

873 (H) For taxable years commencing on or after January 1, [2009] 2011,  
874 but prior to January 1, [2010] 2012, fourteen thousand five hundred  
875 dollars. In the case of any such taxpayer whose Connecticut adjusted  
876 gross income for the taxable year exceeds twenty-nine thousand  
877 dollars, the exemption amount shall be reduced by one thousand  
878 dollars for each one thousand dollars, or fraction thereof, by which the  
879 taxpayer's Connecticut adjusted gross income for the taxable year  
880 exceeds said amount. In no event shall the reduction exceed one  
881 hundred per cent of the exemption;

882 (I) For taxable years commencing on or after January 1, [2010] 2012,  
883 fifteen thousand dollars. In the case of any such taxpayer whose  
884 Connecticut adjusted gross income for the taxable year exceeds thirty  
885 thousand dollars, the exemption amount shall be reduced by one  
886 thousand dollars for each one thousand dollars, or fraction thereof, by  
887 which the taxpayer's Connecticut adjusted gross income for the taxable  
888 year exceeds said amount. In no event shall the reduction exceed one

889 hundred per cent of the exemption.

890 Sec. 17. Subparagraphs (C) to (I), inclusive, of subdivision (2) of  
 891 subsection (a) of section 12-703 of the general statutes are repealed and  
 892 the following is substituted in lieu thereof (*Effective from passage and*  
 893 *applicable to taxable years commencing on or after January 1, 2005*):

894 (C) For taxable years commencing on or after January 1, 2004, but  
 895 prior to January 1, [2005] 2007:

T212	Connecticut	
T213	Adjusted Gross Income	Amount of Credit
T214	Over \$12,625 but	
T215	not over \$15,750	75%
T216	Over \$15,750 but	
T217	not over \$16,250	70%
T218	Over \$16,250 but	
T219	not over \$16,750	65%
T220	Over \$16,750 but	
T221	not over \$17,250	60%
T222	Over \$17,250 but	
T223	not over \$17,750	55%
T224	Over \$17,750 but	
T225	not over \$18,250	50%
T226	Over \$18,250 but	
T227	not over \$18,750	45%
T228	Over \$18,750 but	
T229	not over \$19,250	40%
T230	Over \$19,250 but	
T231	not over \$21,050	35%
T232	Over \$21,050 but	
T233	not over \$21,550	30%
T234	Over \$21,550 but	
T235	not over \$22,050	25%
T236	Over \$22,050 but	

T237	not over \$22,550	20%
T238	Over \$22,550 but	
T239	not over \$26,300	15%
T240	Over \$26,300 but	
T241	not over \$26,800	14%
T242	Over \$26,800 but	
T243	not over \$27,300	13%
T244	Over \$27,300 but	
T245	not over \$27,800	12%
T246	Over \$27,800 but	
T247	not over \$28,300	11%
T248	Over \$28,300 but	
T249	not over \$50,500	10%
T250	Over \$50,500 but	
T251	not over \$51,000	9%
T252	Over \$51,000 but	
T253	not over \$51,500	8%
T254	Over \$51,500 but	
T255	not over \$52,000	7%
T256	Over \$52,000 but	
T257	not over \$52,500	6%
T258	Over \$52,500 but	
T259	not over \$53,000	5%
T260	Over \$53,000 but	
T261	not over \$53,500	4%
T262	Over \$53,500 but	
T263	not over \$54,000	3%
T264	Over \$54,000 but	
T265	not over \$54,500	2%
T266	Over \$54,500 but	
T267	not over \$55,000	1%

896 (D) For taxable years commencing on or after January 1, [2005] 2007,  
 897 but prior to January 1, [2006] 2008:

T268	Connecticut	
T269	Adjusted Gross Income	Amount of Credit
T270	Over \$12,750 but	
T271	not over \$15,900	75%
T272	Over \$15,900 but	
T273	not over \$16,400	70%
T274	Over \$16,400 but	
T275	not over \$16,900	65%
T276	Over \$16,900 but	
T277	not over \$17,400	60%
T278	Over \$17,400 but	
T279	not over \$17,900	55%
T280	Over \$17,900 but	
T281	not over \$18,400	50%
T282	Over \$18,400 but	
T283	not over \$18,900	45%
T284	Over \$18,900 but	
T285	not over \$19,400	40%
T286	Over \$19,400 but	
T287	not over \$21,300	35%
T288	Over \$21,300 but	
T289	not over \$21,800	30%
T290	Over \$21,800 but	
T291	not over \$22,300	25%
T292	Over \$22,300 but	
T293	not over \$22,800	20%
T294	Over \$22,800 but	
T295	not over \$26,600	15%
T296	Over \$26,600 but	
T297	not over \$27,100	14%
T298	Over \$27,100 but	
T299	not over \$27,600	13%
T300	Over \$27,600 but	
T301	not over \$28,100	12%

T302	Over \$28,100 but	
T303	not over \$28,600	11%
T304	Over \$28,600 but	
T305	not over \$51,000	10%
T306	Over \$51,000 but	
T307	not over \$51,500	9%
T308	Over \$51,500 but	
T309	not over \$52,000	8%
T310	Over \$52,000 but	
T311	not over \$52,500	7%
T312	Over \$52,500 but	
T313	not over \$53,000	6%
T314	Over \$53,000 but	
T315	not over \$53,500	5%
T316	Over \$53,500 but	
T317	not over \$54,000	4%
T318	Over \$54,000 but	
T319	not over \$54,500	3%
T320	Over \$54,500 but	
T321	not over \$55,000	2%
T322	Over \$55,000 but	
T323	not over \$55,500	1%

898 (E) For taxable years commencing on or after January 1, [2006] 2008,  
 899 but prior to January 1, [2007] 2009:

T324	Connecticut	
T325	Adjusted Gross Income	Amount of Credit
T326	Over \$13,000 but	
T327	not over \$16,300	75%
T328	Over \$16,300 but	
T329	not over \$16,800	70%
T330	Over \$16,800 but	
T331	not over \$17,300	65%

T332	Over \$17,300 but	
T333	not over \$17,800	60%
T334	Over \$17,800 but	
T335	not over \$18,300	55%
T336	Over \$18,300 but	
T337	not over \$18,800	50%
T338	Over \$18,800 but	
T339	not over \$19,300	45%
T340	Over \$19,300 but	
T341	not over \$19,800	40%
T342	Over \$19,800 but	
T343	not over \$21,700	35%
T344	Over \$21,700 but	
T345	not over \$22,200	30%
T346	Over \$22,200 but	
T347	not over \$22,700	25%
T348	Over \$22,700 but	
T349	not over \$23,200	20%
T350	Over \$23,200 but	
T351	not over \$27,100	15%
T352	Over \$27,100 but	
T353	not over \$27,600	14%
T354	Over \$27,600 but	
T355	not over \$28,100	13%
T356	Over \$28,100 but	
T357	not over \$28,600	12%
T358	Over \$28,600 but	
T359	not over \$29,100	11%
T360	Over \$29,100 but	
T361	not over \$52,000	10%
T362	Over \$52,000 but	
T363	not over \$52,500	9%
T364	Over \$52,500 but	
T365	not over \$53,000	8%
T366	Over \$53,000 but	

T367	not over \$53,500	7%
T368	Over \$53,500 but	
T369	not over \$54,000	6%
T370	Over \$54,000 but	
T371	not over \$54,500	5%
T372	Over \$54,500 but	
T373	not over \$55,000	4%
T374	Over \$55,000 but	
T375	not over \$55,500	3%
T376	Over \$55,500 but	
T377	not over \$56,000	2%
T378	Over \$56,000 but	
T379	not over \$56,500	1%

900 (F) For taxable years commencing on or after January 1, [2007] 2009,  
 901 but prior to January 1, [2008] 2010:

T380	Connecticut	
T381	Adjusted Gross Income	Amount Of Credit
T382	Over \$13,500 but	
T383	not over \$16,900	75%
T384	Over \$16,900 but	
T385	not over \$17,400	70%
T386	Over \$17,400 but	
T387	not over \$17,900	65%
T388	Over \$17,900 but	
T389	not over \$18,400	60%
T390	Over \$18,400 but	
T391	not over \$18,900	55%
T392	Over \$18,900 but	
T393	not over \$19,400	50%
T394	Over \$19,400 but	
T395	not over \$19,900	45%
T396	Over \$19,900 but	

T397	not over \$20,400	40%
T398	Over \$20,400 but	
T399	not over \$22,500	35%
T400	Over \$22,500 but	
T401	not over \$23,000	30%
T402	Over \$23,000 but	
T403	not over \$23,500	25%
T404	Over \$23,500 but	
T405	not over \$24,000	20%
T406	Over \$24,000 but	
T407	not over \$28,100	15%
T408	Over \$28,100 but	
T409	not over \$28,600	14%
T410	Over \$28,600 but	
T411	not over \$29,100	13%
T412	Over \$29,100 but	
T413	not over \$29,600	12%
T414	Over \$29,600 but	
T415	not over \$30,100	11%
T416	Over \$30,100 but	
T417	not over \$54,000	10%
T418	Over \$54,000 but	
T419	not over \$54,500	9%
T420	Over \$54,500 but	
T421	not over \$55,000	8%
T422	Over \$55,000 but	
T423	not over \$55,500	7%
T424	Over \$55,500 but	
T425	not over \$56,000	6%
T426	Over \$56,000 but	
T427	not over \$56,500	5%
T428	Over \$56,500 but	
T429	not over \$57,000	4%
T430	Over \$57,000 but	
T431	not over \$57,500	3%

T432	Over \$57,500 but	
T433	not over \$58,000	2%
T434	Over \$58,000 but	
T435	not over \$58,500	1%

902 (G) For taxable years commencing on or after January 1, [2008] 2010,  
 903 but prior to January 1, [2009] 2011:

T436	Connecticut	
T437	Adjusted Gross Income	Amount of Credit
T438	Over \$14,000 but	
T439	not over \$17,500	75%
T440	Over \$17,500 but	
T441	not over \$18,000	70%
T442	Over \$18,000 but	
T443	not over \$18,500	65%
T444	Over \$18,500 but	
T445	not over \$19,000	60%
T446	Over \$19,000 but	
T447	not over \$19,500	55%
T448	Over \$19,500 but	
T449	not over \$20,000	50%
T450	Over \$20,000 but	
T451	not over \$20,500	45%
T452	Over \$20,500 but	
T453	not over \$21,000	40%
T454	Over \$21,000 but	
T455	not over \$23,300	35%
T456	Over \$23,300 but	
T457	not over \$23,800	30%
T458	Over \$23,800 but	
T459	not over \$24,300	25%
T460	Over \$24,300 but	
T461	not over \$24,800	20%

T462	Over \$24,800 but	
T463	not over \$29,200	15%
T464	Over \$29,200 but	
T465	not over \$29,700	14%
T466	Over \$29,700 but	
T467	not over \$30,200	13%
T468	Over \$30,200 but	
T469	not over \$30,700	12%
T470	Over \$30,700 but	
T471	not over \$31,200	11%
T472	Over \$31,200 but	
T473	not over \$56,000	10%
T474	Over \$56,000 but	
T475	not over \$56,500	9%
T476	Over \$56,500 but	
T477	not over \$57,000	8%
T478	Over \$57,000 but	
T479	not over \$57,500	7%
T480	Over \$57,500 but	
T481	not over \$58,000	6%
T482	Over \$58,000 but	
T483	not over \$58,500	5%
T484	Over \$58,500 but	
T485	not over \$59,000	4%
T486	Over \$59,000 but	
T487	not over \$59,500	3%
T488	Over \$59,500 but	
T489	not over \$60,000	2%
T490	Over \$60,000 but	
T491	not over \$60,500	1%

904 (H) For taxable years commencing on or after January 1, [2009] 2011,  
 905 but prior to January 1, [2010] 2012:

T492 Connecticut

T493	Adjusted Gross Income	Amount of Credit
T494	Over \$14,500 but	
T495	not over \$18,100	75%
T496	Over \$18,100 but	
T497	not over \$18,600	70%
T498	Over \$18,600 but	
T499	not over \$19,100	65%
T500	Over \$19,100 but	
T501	not over \$19,600	60%
T502	Over \$19,600 but	
T503	not over \$20,100	55%
T504	Over \$20,100 but	
T505	not over \$20,600	50%
T506	Over \$20,600 but	
T507	not over \$21,100	45%
T508	Over \$21,100 but	
T509	not over \$21,600	40%
T510	Over \$21,600 but	
T511	not over \$24,200	35%
T512	Over \$24,200 but	
T513	not over \$24,700	30%
T514	Over \$24,700 but	
T515	not over \$25,200	25%
T516	Over \$25,200 but	
T517	not over \$25,700	20%
T518	Over \$25,700 but	
T519	not over \$30,200	15%
T520	Over \$30,200 but	
T521	not over \$30,700	14%
T522	Over \$30,700 but	
T523	not over \$31,200	13%
T524	Over \$31,200 but	
T525	not over \$31,700	12%
T526	Over \$31,700 but	

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T527	not over \$32,200	11%
T528	Over \$32,200 but	
T529	not over \$58,000	10%
T530	Over \$58,000 but	
T531	not over \$58,500	9%
T532	Over \$58,500 but	
T533	not over \$59,000	8%
T534	Over \$59,000 but	
T535	not over \$59,500	7%
T536	Over \$59,500 but	
T537	not over \$60,000	6%
T538	Over \$60,000 but	
T539	not over \$60,500	5%
T540	Over \$60,500 but	
T541	not over \$61,000	4%
T542	Over \$61,000 but	
T543	not over \$61,500	3%
T544	Over \$61,500 but	
T545	not over \$62,000	2%
T546	Over \$62,000 but	
T547	not over \$62,500	1%

906 (I) For taxable years commencing on or after January 1, [2010] 2012:

T548	Connecticut	
T549	Adjusted Gross Income	Amount of Credit
T550	Over \$15,000 but	
T551	not over \$18,800	75%
T552	Over \$18,800 but	
T553	not over \$19,300	70%
T554	Over \$19,300 but	
T555	not over \$19,800	65%
T556	Over \$19,800 but	
T557	not over \$20,300	60%

T558	Over \$20,300 but	
T559	not over \$20,800	55%
T560	Over \$20,800 but	
T561	not over \$21,300	50%
T562	Over \$21,300 but	
T563	not over \$21,800	45%
T564	Over \$21,800 but	
T565	not over \$22,300	40%
T566	Over \$22,300 but	
T567	not over \$25,000	35%
T568	Over \$25,000 but	
T569	not over \$25,500	30%
T570	Over \$25,500 but	
T571	not over \$26,000	25%
T572	Over \$26,000 but	
T573	not over \$26,500	20%
T574	Over \$26,500 but	
T575	not over \$31,300	15%
T576	Over \$31,300 but	
T577	not over \$31,800	14%
T578	Over \$31,800 but	
T579	not over \$32,300	13%
T580	Over \$32,300 but	
T581	not over \$32,800	12%
T582	Over \$32,800 but	
T583	not over \$33,300	11%
T584	Over \$33,300 but	
T585	not over \$60,000	10%
T586	Over \$60,000 but	
T587	not over \$60,500	9%
T588	Over \$60,500 but	
T589	not over \$61,000	8%
T590	Over \$61,000 but	
T591	not over \$61,500	7%
T592	Over \$61,500 but	

T593	not over \$62,000	6%
T594	Over \$62,000 but	
T595	not over \$62,500	5%
T596	Over \$62,500 but	
T597	not over \$63,000	4%
T598	Over \$63,000 but	
T599	not over \$63,500	3%
T600	Over \$63,500 but	
T601	not over \$64,000	2%
T602	Over \$64,000 but	
T603	not over \$64,500	1%

907        Sec. 18. Subsection (c) of section 12-704c of the general statutes is  
 908 repealed and the following is substituted in lieu thereof (*Effective from*  
 909 *passage and applicable to taxable years commencing on or after January 1,*  
 910 *2005*):

911        (c) (1) (A) For taxable years commencing prior to January 1, 2000, in  
 912 the case of any such taxpayer who files under the federal income tax  
 913 for such taxable year as an unmarried individual whose Connecticut  
 914 adjusted gross income exceeds fifty-two thousand five hundred  
 915 dollars, the amount of the credit that exceeds one hundred dollars shall  
 916 be reduced by ten per cent for each ten thousand dollars, or fraction  
 917 thereof, by which the taxpayer's Connecticut adjusted gross income  
 918 exceeds said amount.

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

927 (C) For taxable years commencing on or after January 1, 2001, but  
928 prior to January 1, 2004, in the case of any such taxpayer who files  
929 under the federal income tax for such taxable year as an unmarried  
930 individual whose Connecticut adjusted gross income exceeds fifty-four  
931 thousand five hundred dollars, the amount of the credit shall be  
932 reduced by ten per cent for each ten thousand dollars, or fraction  
933 thereof, by which the taxpayer's Connecticut adjusted gross income  
934 exceeds said amount.

935 (D) For taxable years commencing on or after January 1, 2004, but  
936 prior to January 1, [2005] 2007, in the case of any such taxpayer who  
937 files under the federal income tax for such taxable year as an  
938 unmarried individual whose Connecticut adjusted gross income  
939 exceeds fifty-five thousand dollars, the amount of the credit shall be  
940 reduced by ten per cent for each ten thousand dollars, or fraction  
941 thereof, by which the taxpayer's Connecticut adjusted gross income  
942 exceeds said amount.

943 (E) For taxable years commencing on or after January 1, [2005] 2007,  
944 but prior to January 1, [2006] 2008, in the case of any such taxpayer  
945 who files under the federal income tax for such taxable year as an  
946 unmarried individual whose Connecticut adjusted gross income  
947 exceeds fifty-five thousand five hundred dollars, the amount of the  
948 credit shall be reduced by ten per cent for each ten thousand dollars, or  
949 fraction thereof, by which the taxpayer's Connecticut adjusted gross  
950 income exceeds said amount.

951 (F) For taxable years commencing on or after January 1, [2006] 2008,  
952 but prior to January 1, [2007] 2009, in the case of any such taxpayer  
953 who files under the federal income tax for such taxable year as an  
954 unmarried individual whose Connecticut adjusted gross income  
955 exceeds fifty-six thousand five hundred dollars, the amount of the  
956 credit shall be reduced by ten per cent for each ten thousand dollars, or  
957 fraction thereof, by which the taxpayer's Connecticut adjusted gross  
958 income exceeds said amount.

959 (G) For taxable years commencing on or after January 1, [2007] 2009,  
960 but prior to January 1, [2008] 2010, in the case of any such taxpayer  
961 who files under the federal income tax for such taxable year as an  
962 unmarried individual whose Connecticut adjusted gross income  
963 exceeds fifty-eight thousand five hundred dollars, the amount of the  
964 credit shall be reduced by ten per cent for each ten thousand dollars, or  
965 fraction thereof, by which the taxpayer's Connecticut adjusted gross  
966 income exceeds said amount.

967 (H) For taxable years commencing on or after January 1, [2008] 2010,  
968 but prior to January 1, [2009] 2011, in the case of any such taxpayer  
969 who files under the federal income tax for such taxable year as an  
970 unmarried individual whose Connecticut adjusted gross income  
971 exceeds sixty thousand five hundred dollars, the amount of the credit  
972 shall be reduced by ten per cent for each ten thousand dollars, or  
973 fraction thereof, by which the taxpayer's Connecticut adjusted gross  
974 income exceeds said amount.

975 (I) For taxable years commencing on or after January 1, [2009] 2011,  
976 but prior to January 1, [2010] 2012, in the case of any such taxpayer  
977 who files under the federal income tax for such taxable year as an  
978 unmarried individual whose Connecticut adjusted gross income  
979 exceeds sixty-two thousand five hundred dollars, the amount of the  
980 credit shall be reduced by ten per cent for each ten thousand dollars, or  
981 fraction thereof, by which the taxpayer's Connecticut adjusted gross  
982 income exceeds said amount.

983 (J) For taxable years commencing on or after January 1, [2010] 2012,  
984 in the case of any such taxpayer who files under the federal income tax  
985 for such taxable year as an unmarried individual whose Connecticut  
986 adjusted gross income exceeds sixty-four thousand five hundred  
987 dollars, the amount of the credit shall be reduced by ten per cent for  
988 each ten thousand dollars, or fraction thereof, by which the taxpayer's  
989 Connecticut adjusted gross income exceeds said amount.

990 (2) In the case of any such taxpayer who files under the federal

991 income tax for such taxable year as a married individual filing  
992 separately whose Connecticut adjusted gross income exceeds fifty  
993 thousand two hundred fifty dollars, the amount of the credit shall be  
994 reduced by ten per cent for each five thousand dollars, or fraction  
995 thereof, by which the taxpayer's Connecticut adjusted gross income  
996 exceeds said amount.

997 (3) In the case of a taxpayer who files under the federal income tax  
998 for such taxable year as a head of household whose Connecticut  
999 adjusted gross income exceeds seventy-eight thousand five hundred  
1000 dollars, the amount of the credit shall be reduced by ten per cent for  
1001 each ten thousand dollars or fraction thereof, by which the taxpayer's  
1002 Connecticut adjusted gross income exceeds said amount.

1003 (4) In the case of a taxpayer who files under federal income tax for  
1004 such taxable year as married individuals filing jointly whose  
1005 Connecticut adjusted gross income exceeds one hundred thousand five  
1006 hundred dollars, the amount of the credit shall be reduced by ten per  
1007 cent for each ten thousand dollars, or fraction thereof, by which the  
1008 taxpayer's Connecticut adjusted gross income exceeds said amount.

1009 Sec. 19. Section 12-217z of the general statutes is repealed and the  
1010 following is substituted in lieu thereof (*Effective July 1, 2005*):

1011 (a) There is established a [Corporation] Business Tax Credit Review  
1012 Committee which shall be comprised of the following members: (1)  
1013 The chairpersons and ranking members of the joint standing  
1014 committee of the General Assembly having cognizance of matters  
1015 relating to finance, revenue and bonding, or their designees; [(2) one  
1016 member appointed by each of the following: The Governor, the  
1017 president pro tempore of the Senate, the speaker of the House of  
1018 Representatives, the majority leader of the Senate, the majority leader  
1019 of the House of Representatives, the minority leader of the House of  
1020 Representatives and the minority leader of the Senate;] (2) (A) a  
1021 representative from the business community appointed by the  
1022 president pro tempore of the Senate, (B) a representative from a

1023 municipal organization appointed by the speaker of the House of  
1024 Representatives, (C) a representative from a labor organization  
1025 appointed by the majority leader of the Senate, (D) an attorney  
1026 specializing in taxation appointed by the majority leader of the House  
1027 of Representatives, (E) an accountant specializing in taxation  
1028 appointed by the minority leader of the Senate, and (F) an economist  
1029 appointed by the minority leader of the House of Representatives; and  
1030 (3) the Commissioners of Revenue Services and Economic and  
1031 Community Development, or their designees.

1032 (b) The chairpersons of the joint standing committee of the General  
1033 Assembly having cognizance of matters relating to finance, revenue  
1034 and bonding shall be the chairpersons of the Business Tax Credit  
1035 Review Committee. The Business Tax Credit Review Committee shall  
1036 meet not less than twice a year, and at such other times as the  
1037 chairpersons deem necessary.

1038 [(b)] (c) The committee shall study and evaluate all the existing  
1039 credits against the corporation business tax. The study shall include,  
1040 but is not limited to, consideration of the following with respect to  
1041 each credit: (1) Has the credit provided a benefit to the state in terms of  
1042 measurable economic development, new investments in the state, new  
1043 jobs or retention of existing jobs, or measurable benefits for the  
1044 workforce in the state; (2) is there sufficient justification to continue the  
1045 credit as it currently exists or is it obsolete; (3) could the credit be more  
1046 efficiently administered as part of a broad-based credit; and (4) does  
1047 the credit add unnecessary complexity in the application,  
1048 administration and approval process for the credit. The committee  
1049 shall also engage in an analysis of the history, rationale and estimated  
1050 revenue loss as a result of each tax credit and shall recommend  
1051 revisions necessary to change the tax by eliminating or changing any  
1052 redundant, obsolete or unnecessary tax credit or any credit that is not  
1053 providing a measurable benefit sufficient to justify any revenue loss to  
1054 the state.

1055 (d) The committee shall study and evaluate the potential impact of

1056 (1) unitary filing systems, and (2) multifactor apportionment formulas.  
1057 The committee shall review the experience of other states in the use of  
1058 unitary filing and multifactor apportionment, and gather information  
1059 on the benefits and disadvantages of such systems, including their  
1060 reported impact on the growth of business, industry, employment and  
1061 related sectors in the economy of such other states. A report of the  
1062 committee's findings, with recommendations, if any, for further action,  
1063 shall be reported in accordance with subsection (c) of this section.

1064 [(c)] (e) The [committee] Business Tax Credit Review Committee  
1065 shall report [its] the findings and recommendations required pursuant  
1066 to this section to the joint standing committee of the General Assembly  
1067 having cognizance of matters relating to finance, revenue and bonding  
1068 no later than [January 30, 2002, and every five years] February 15, 2006,  
1069 and annually thereafter, in accordance with section 11-4a.

1070 Sec. 20. (*Effective from passage*) Notwithstanding any provision of the  
1071 general statutes, for the fiscal year ending June 30, 2007, the sum of  
1072 twenty million dollars shall be transferred from the resources of the  
1073 State Banking Fund established in section 36a-65 of the general  
1074 statutes, and credited to the resources of the General Fund.

1075 Sec. 21. (*Effective from passage*) Notwithstanding any provision of the  
1076 general statutes, for the fiscal year ending June 30, 2007, the sum of  
1077 five million dollars shall be transferred from the resources of the  
1078 Insurance Fund established in section 38a-52a of the general statutes,  
1079 and credited to the resources of the General Fund.

1080 Sec. 22. (*Effective from passage*) Prior to June 30, 2006, the Comptroller  
1081 shall transfer forty-six million eight hundred thousand dollars of fiscal  
1082 year 2006 General Fund revenue for use as General Fund revenue for  
1083 fiscal year 2007.

1084 Sec. 23. Section 12-396 of the general statutes is repealed. (*Effective*  
1085 *from passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	3-62h(e)
Sec. 2	<i>from passage and applicable to income years commencing on or after January 1, 2005</i>	12-214(b)
Sec. 3	<i>from passage and applicable to income years commencing on or after January 1, 2005</i>	12-219(b)
Sec. 4	<i>from passage and applicable to calendar years commencing on or after January 1, 2005</i>	12-344(d) and (e)
Sec. 5	<i>from passage and applicable to calendar years commencing on or after January 1, 2005</i>	12-642(a)
Sec. 6	<i>from passage and applicable to calendar years commencing on or after January 1, 2005</i>	12-643
Sec. 7	<i>from passage and applicable to estates of decedents who die on or after January 1, 2005</i>	12-391
Sec. 8	<i>from passage</i>	12-392(b)(3)
Sec. 9	<i>from passage and applicable to taxable years commencing on or after January 1, 2005</i>	12-700(a)(6)
Sec. 10	<i>from passage</i>	New section
Sec. 11	<i>from passage</i>	New section
Sec. 12	<i>from passage</i>	New section
Sec. 13	<i>from passage and applicable for taxable years commencing on or after January 1, 2008</i>	12-701(a)(20)(B)

Sec. 14	<i>from passage and applicable for taxable years commencing on or after January 1, 2008</i>	12-701(a)(24)
Sec. 15	<i>from passage and applicable for taxable years commencing on or after January 1, 2008</i>	12-701(a)(30)
Sec. 16	<i>from passage and applicable to taxable years commencing on or after January 1, 2005</i>	12-702(a)
Sec. 17	<i>from passage and applicable to taxable years commencing on or after January 1, 2005</i>	12-703(a)(2)(C) to (I)
Sec. 18	<i>from passage and applicable to taxable years commencing on or after January 1, 2005</i>	12-704c(c)
Sec. 19	<i>July 1, 2005</i>	12-217z
Sec. 20	<i>from passage</i>	New section
Sec. 21	<i>from passage</i>	New section
Sec. 22	<i>from passage</i>	New section
Sec. 23	<i>from passage</i>	Repealer section

**FIN**      *Joint Favorable Subst.*