



General Assembly

January Session, 2005

Amendment

LCO No. 7438

HB0620507438SRO

Offered by:
SEN. CAPIELLO, 24th Dist.

To: House Bill No. 6205

File No. 325

Cal. No. 536

"AN ACT CONCERNING TAXING DISTRICTS TO PAY FOR SOUND BARRIERS."

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Subdivision (20) of subsection (a) of section 12-701 of the
4 general statutes is repealed and the following is substituted in lieu
5 thereof (*Effective October 1, 2005, and applicable to taxable years*
6 *commencing on or after January 1, 2006*):

7 (20) "Connecticut adjusted gross income" means adjusted gross
8 income, with the following modifications:

9 (A) There shall be added thereto (i) to the extent not properly
10 includable in gross income for federal income tax purposes, any
11 interest income from obligations issued by or on behalf of any state,
12 political subdivision thereof, or public instrumentality, state or local
13 authority, district or similar public entity, exclusive of such income
14 from obligations issued by or on behalf of the state of Connecticut, any

15 political subdivision thereof, or public instrumentality, state or local
16 authority, district or similar public entity created under the laws of the
17 state of Connecticut and exclusive of any such income with respect to
18 which taxation by any state is prohibited by federal law, (ii) any
19 exempt-interest dividends, as defined in Section 852(b)(5) of the
20 Internal Revenue Code, exclusive of such exempt-interest dividends
21 derived from obligations issued by or on behalf of the state of
22 Connecticut, any political subdivision thereof, or public
23 instrumentality, state or local authority, district or similar public entity
24 created under the laws of the state of Connecticut and exclusive of
25 such exempt-interest dividends derived from obligations, the income
26 with respect to which taxation by any state is prohibited by federal
27 law, (iii) any interest or dividend income on obligations or securities of
28 any authority, commission or instrumentality of the United States
29 which federal law exempts from federal income tax but does not
30 exempt from state income taxes, (iv) to the extent included in gross
31 income for federal income tax purposes for the taxable year, the total
32 taxable amount of a lump sum distribution for the taxable year
33 deductible from such gross income in calculating federal adjusted
34 gross income, (v) to the extent properly includable in determining the
35 net gain or loss from the sale or other disposition of capital assets for
36 federal income tax purposes, any loss from the sale or exchange of
37 obligations issued by or on behalf of the state of Connecticut, any
38 political subdivision thereof, or public instrumentality, state or local
39 authority, district or similar public entity created under the laws of the
40 state of Connecticut, in the income year such loss was recognized, (vi)
41 to the extent deductible in determining federal adjusted gross income,
42 any income taxes imposed by this state, (vii) to the extent deductible in
43 determining federal adjusted gross income, any interest on
44 indebtedness incurred or continued to purchase or carry obligations or
45 securities the interest on which is exempt from tax under this chapter,
46 (viii) expenses paid or incurred during the taxable year for the
47 production or collection of income which is exempt from taxation
48 under this chapter or the management, conservation or maintenance of
49 property held for the production of such income, and the amortizable

50 bond premium for the taxable year on any bond the interest on which
51 is exempt from tax under this chapter to the extent that such expenses
52 and premiums are deductible in determining federal adjusted gross
53 income, and (ix) for property placed in service after September 10,
54 2001, but prior to September 11, 2004, in taxable years ending after
55 September 10, 2001, any additional allowance for depreciation under
56 subsection (k) of Section 168 of the Internal Revenue Code, as provided
57 by Section 101 of the Job Creation and Worker Assistance Act of 2002,
58 to the extent deductible in determining federal adjusted gross income.

59 (B) There shall be subtracted therefrom (i) to the extent properly
60 includable in gross income for federal income tax purposes, any
61 income with respect to which taxation by any state is prohibited by
62 federal law, (ii) to the extent allowable under section 12-718, exempt
63 dividends paid by a regulated investment company, (iii) the amount of
64 any refund or credit for overpayment of income taxes imposed by this
65 state, or any other state of the United States or a political subdivision
66 thereof, or the District of Columbia, to the extent properly includable
67 in gross income for federal income tax purposes, (iv) to the extent
68 properly includable in gross income for federal income tax purposes
69 and not otherwise subtracted from federal adjusted gross income
70 pursuant to clause (x) of this subparagraph in computing Connecticut
71 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
72 extent any additional allowance for depreciation under Section 168(k)
73 of the Internal Revenue Code, as provided by Section 101 of the Job
74 Creation and Worker Assistance Act of 2002, for property placed in
75 service after December 31, 2001, but prior to September 10, 2004, was
76 added to federal adjusted gross income pursuant to subparagraph (A)
77 (ix) of this subdivision in computing Connecticut adjusted gross
78 income for a taxable year ending after December 31, 2001, twenty-five
79 per cent of such additional allowance for depreciation in each of the
80 four succeeding taxable years, (vi) to the extent properly includable in
81 gross income for federal income tax purposes, any interest income
82 from obligations issued by or on behalf of the state of Connecticut, any
83 political subdivision thereof, or public instrumentality, state or local

84 authority, district or similar public entity created under the laws of the
85 state of Connecticut, (vii) to the extent properly includable in
86 determining the net gain or loss from the sale or other disposition of
87 capital assets for federal income tax purposes, any gain from the sale
88 or exchange of obligations issued by or on behalf of the state of
89 Connecticut, any political subdivision thereof, or public
90 instrumentality, state or local authority, district or similar public entity
91 created under the laws of the state of Connecticut, in the income year
92 such gain was recognized, (viii) any interest on indebtedness incurred
93 or continued to purchase or carry obligations or securities the interest
94 on which is subject to tax under this chapter but exempt from federal
95 income tax, to the extent that such interest on indebtedness is not
96 deductible in determining federal adjusted gross income and is
97 attributable to a trade or business carried on by such individual, (ix)
98 ordinary and necessary expenses paid or incurred during the taxable
99 year for the production or collection of income which is subject to
100 taxation under this chapter but exempt from federal income tax, or the
101 management, conservation or maintenance of property held for the
102 production of such income, and the amortizable bond premium for the
103 taxable year on any bond the interest on which is subject to tax under
104 this chapter but exempt from federal income tax, to the extent that
105 such expenses and premiums are not deductible in determining federal
106 adjusted gross income and are attributable to a trade or business
107 carried on by such individual, (x) (I) for a person who files a return
108 under the federal income tax as an unmarried individual whose
109 federal adjusted gross income for such taxable year is less than fifty
110 thousand dollars, or as a married individual filing separately whose
111 federal adjusted gross income for such taxable year is less than fifty
112 thousand dollars, or for a husband and wife who file a return under
113 the federal income tax as married individuals filing jointly whose
114 federal adjusted gross income for such taxable year is less than sixty
115 thousand dollars or a person who files a return under the federal
116 income tax as a head of household whose federal adjusted gross
117 income for such taxable year is less than sixty thousand dollars, an
118 amount equal to the Social Security benefits includable for federal

119 income tax purposes; and (II) for a person who files a return under the
120 federal income tax as an unmarried individual whose federal adjusted
121 gross income for such taxable year is fifty thousand dollars or more, or
122 as a married individual filing separately whose federal adjusted gross
123 income for such taxable year is fifty thousand dollars or more, or for a
124 husband and wife who file a return under the federal income tax as
125 married individuals filing jointly whose federal adjusted gross income
126 from such taxable year is sixty thousand dollars or more or for a
127 person who files a return under the federal income tax as a head of
128 household whose federal adjusted gross income for such taxable year
129 is sixty thousand dollars or more, an amount equal to the difference
130 between the amount of Social Security benefits includable for federal
131 income tax purposes and the lesser of twenty-five per cent of the Social
132 Security benefits received during the taxable year, or twenty-five per
133 cent of the excess described in Section 86(b)(1) of the Internal Revenue
134 Code, (xi) to the extent properly includable in gross income for federal
135 income tax purposes, any amount rebated to a taxpayer pursuant to
136 section 12-746, (xii) to the extent properly includable in the gross
137 income for federal income tax purposes of a designated beneficiary,
138 any distribution to such beneficiary from any qualified state tuition
139 program, as defined in Section 529(b) of the Internal Revenue Code,
140 established and maintained by this state or any official, agency or
141 instrumentality of the state, (xiii) to the extent properly includable in
142 gross income for federal income tax purposes, the amount of any
143 Holocaust victims' settlement payment received in the taxable year by
144 a Holocaust victim, [and] (xiv) to the extent properly includable in
145 gross income for federal income tax purposes of an account holder, as
146 defined in section 31-51ww, interest earned on funds deposited in the
147 individual development account, as defined in section 31-51ww, of
148 such account holder, and (xv) to the extent properly includable in
149 gross income for federal income tax purposes, any pension or
150 retirement income received by a taxpayer.

151 (C) With respect to a person who is the beneficiary of a trust or
152 estate, there shall be added or subtracted, as the case may be, from

153 adjusted gross income such person's share, as determined under
154 section 12-714, in the Connecticut fiduciary adjustment."