



General Assembly

Amendment

January Session, 2005

LCO No. 7808

HB0694007808HRO

Offered by:

REP. SAWYER, 55th Dist.

REP. CHAPIN, 67th Dist.

To: Subst. House Bill No. 6940

File No. 792

Cal. No. 482

(As Amended)

"AN ACT INCREASING THE AUTHORITY OF THE TREASURER WITH RESPECT TO THE USE OF UNAPPROPRIATED GENERAL FUND SURPLUS IN EXCESS OF THAT TRANSFERRED TO THE BUDGET RESERVE FUND."

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

3 "Sec. 501. Section 12-349 of the general statutes is repealed and the
4 following is substituted in lieu thereof (*Effective July 1, 2005*):

5 (a) (1) The gross estate for the purpose of the tax imposed by the
6 provisions of this chapter shall be the total of the fair market value of
7 all the property transferred subject to tax under the provisions of part
8 I, except that the value of any real property in the gross estate
9 classified as farm land in accordance with section 12-107c at the time of
10 the decedent's death shall [be determined for purposes of said tax in
11 accordance with the provisions applicable to farm land in section 12-

12 63] not be included in such gross estate total, provided (A) such farm
13 land is transferred to any of the beneficiaries or distributees included
14 in the list of beneficiaries or distributees in classes AA, A and B as
15 provided in section 12-344, (B) such farm land was owned by the
16 decedent or any of the beneficiaries or distributees in classes AA, A
17 and B as provided in section 12-344 for an aggregate of no less than
18 five years during the eight years immediately preceding the decedent's
19 death, and (C) the decedent or any such beneficiary or distributee shall
20 have engaged in active and substantial participation in farming or
21 agricultural operations directly related to such farm land, as
22 determined by the assessor, for an aggregate of no less than five years
23 during the eight years immediately preceding the decedent's death.

24 (2) Where real property classified at the time of the decedent's death
25 as farm land in accordance with section 12-107c is owned by a
26 partnership, corporation or trust engaged in farming or agricultural
27 operations, and, at the time of the decedent's death, (A) the sole
28 partners, shareholders or beneficiaries, as the case may be, of such
29 partnership, corporation or trust are the decedent and any persons
30 who would be classified as transferees under class AA, A or B as
31 provided in section 12-344, whether or not such persons are in fact
32 beneficiaries or distributees of the decedent, and (B) all of the
33 decedent's interest in such partnership, corporation or trust passes to
34 transferees under class AA, A or B as provided in section 12-344, the
35 interest of the decedent and of such beneficiaries and distributees in
36 such partnership, corporation or trust shall [be treated in the same
37 manner for purposes of this chapter as if the interest of the decedent
38 and such beneficiaries and distributees was in real property in the
39 gross estate classified as farm land in accordance with section 12-107c]
40 not be included in the gross estate of the decedent.

41 (b) There shall be excluded from the gross estate the value of an
42 annuity or other payment receivable after the death of the decedent by
43 any beneficiary, other than the decedent's estate, under an employees'
44 trust or plan, or under a contract purchased by an employees' trust or
45 plan, forming part of a pension, stock bonus or profit-sharing plan, or

46 under a retirement annuity contract purchased by an employer
47 pursuant to a plan, provided at the time of decedent's separation from
48 employment, by death or otherwise, or at the time of termination of
49 the plan, if earlier, payments to or in respect of such trust, plan or
50 annuity were exempt from federal income taxation under the United
51 States Internal Revenue Code. If such amounts payable after the death
52 of the decedent under a plan above described are attributable to any
53 extent to payments or contributions made by the decedent, no
54 exclusion shall be allowed for that part of the value of such amounts in
55 the proportion that the total payments or contributions made by the
56 decedent bears to the total payments or contributions made. For
57 purposes of the preceding sentence, contributions or payments made
58 by the decedent's employer or former employer shall not be
59 considered to be contributed by the decedent, if made to or in respect
60 to a trust, plan or annuity exempt from federal income taxation under
61 the United States Internal Revenue Code.

62 (c) There shall be excluded from the gross taxable estate the value of
63 any payments receivable after the death of the decedent by other
64 persons under the provisions of the Federal Social Security Act and the
65 Railroad Retirement Act of 1937, as the same have been and may be
66 amended from time to time, and with respect to persons dying on or
67 after June 8, 1978, the value of any annuity payments receivable by an
68 eligible survivor, upon the death of a retired serviceman, under the
69 "Retired Serviceman's Family Protection Plan" or the "Survivor Benefit
70 Plan" for retired servicemen as provided in Chapter 73 of Title 10 of
71 the United States Code, irrespective of whether such annuity payments
72 are attributable to any extent to payments or contributions made by
73 the decedent.

74 (d) There shall be excluded from the gross taxable estate the value of
75 any payments receivable after the death of the decedent by any
76 beneficiary, other than the decedent's estate, under a pension plan for
77 self-employed individuals as may be established pursuant to Section
78 401(c) of the Internal Revenue Code and regulations related thereto,
79 and with respect to which payments to the credit of such plan were

80 exempt from federal income tax.

81 (e) (1) If, within ten years immediately following the death of the
82 decedent, real property in the gross estate of the decedent, classified as
83 farm land in accordance with section 12-107c and the value of which,
84 for purposes of the tax imposed under this chapter, was [determined
85 in accordance with provisions applicable to farm land in section 12-63
86 as provided in subsection (a) of this section] excluded from the gross
87 estate of the decedent, is transferred to anyone other than a beneficiary
88 or distributee in class AA, A or B as provided in section 12-344 or is no
89 longer classified as farm land in accordance with section 12-107c, such
90 beneficiary or distributee shall be liable for a tax applicable to such
91 transfer or change in classification. Said tax shall be in an amount
92 equal to the difference between the amount of tax paid under this
93 chapter with respect to such farm land and the amount of tax which
94 would have been paid if such farm land had been assessed at fair
95 market value for purposes of determining the amount of tax under this
96 chapter, and accordingly, the succession tax return of the decedent
97 shall include, in such manner as required by the Commissioner of
98 Revenue Services for purposes of this section, a declaration, prescribed
99 as to form by the Commissioner of Revenue Services and bearing
100 notice to the effect that false statements made in such declaration are
101 punishable, as to the fair market value of such farm land, based on its
102 highest and best use value, as of the date of death of the decedent. Said
103 tax shall be paid to the Commissioner of Revenue Services within sixty
104 days following the date of such transfer or change in classification, and
105 if not so paid shall bear interest at the rate of twelve per cent per
106 annum, commencing at the expiration of such sixty days, until paid.
107 The Commissioner of Revenue Services may, for cause shown, on
108 written application of the beneficiary or distributee, filed with said
109 commissioner at or before the expiration of such sixty days, extend the
110 time for payment of said tax or any part thereof.

111 (2) Said tax imposed under the provisions of subdivision (1) of this
112 subsection shall be a lien in favor of the state of Connecticut upon such
113 real property so valued as farm land for purposes of determining the

114 gross estate of the decedent as provided in subsection (a) of this section
115 and, following the death of the decedent, transferred or changed in
116 respect to use, resulting in a change in the classification of such
117 property as farm land so as to be subject to said tax, from the date on
118 which such transfer or change in classification becomes effective until
119 (A) the expiration of ten years immediately following the death of the
120 decedent, if there has been no such transfer or change in classification
121 during said period of ten years, or (B) in the event of such a transfer or
122 change in classification resulting in the imposition of tax as provided
123 in said subdivision (1), payment of any tax due in accordance with this
124 subdivision plus interest and costs that may accrue in addition thereto,
125 provided such lien shall not be valid as against any lienor, mortgagee,
126 judgment creditor or bona fide purchaser, when they have no notice,
127 unless and until notice of such lien is filed or recorded in the town
128 clerk's office or place where mortgages, liens and conveyances of such
129 property are required by statute to be filed or recorded.

130 (3) Where real property classified at the time of the decedent's death
131 as farm land in accordance with section 12-107c is owned by a
132 partnership, corporation or trust engaged in farming or agricultural
133 operations, and, at the time of the decedent's death, the sole partners,
134 shareholders or beneficiaries, as the case may be, of such partnership,
135 corporation or trust, are the decedent and any persons who would be
136 classified as transferees under class AA, A or B as provided in section
137 12-344, whether or not such persons are in fact beneficiaries or
138 distributees of the decedent, any transfer of an interest in such
139 partnership, corporation or trust to anyone other than a beneficiary or
140 distributee in class AA, A or B as provided in section 12-344 shall be
141 treated in the same manner for purposes of this chapter as a transfer of
142 real property in the gross estate classified as farm land in accordance
143 with section 12-107c to anyone other than a beneficiary or distributee
144 in class AA, A or B as provided in section 12-344. Any change in the
145 use of such farm land, by such partnership, corporation or trust, so
146 that it is no longer classified as farm land in accordance with section
147 12-107c shall be treated in the same manner for purposes of this

148 chapter as a change in the use of real property in the gross estate
149 classified as farm land in accordance with section 12-107c, by the
150 decedent's beneficiaries or distributees in class AA, A or B as provided
151 in section 12-344, so that it is no longer so classified."