



General Assembly

Bill No. 49

February Session, 2006

LCO No. 753

*00753 _____ *

Referred to Committee on Finance, Revenue and Bonding

Introduced by:

SEN. DELUCA, 32nd Dist.

REP. WARD, 86th Dist.

AN ACT PHASING OUT THE UNIFIED GIFT AND ESTATE TAX.

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

1 Section 1. Subsection (a) of section 12-642 of the 2006 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective from passage and applicable to calendar years commencing*
4 *on or after January 1, 2006*):

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

	Amount of Taxable Gifts	Rate of Tax
T1		
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

9 (2) With respect to the calendar years commencing January 1, 2001,
 10 January 1, 2002, January 1, 2003, and January 1, 2004, the tax imposed
 11 by section 12-640 for each such calendar year shall be at a rate of the
 12 taxable gifts made by the donor during the calendar year set forth in
 13 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

14 (3) (A) With respect to Connecticut taxable gifts, as defined in
 15 section 12-643, as amended, made by a donor during [a] the calendar
 16 year commencing [on or after] January 1, 2005, [including the
 17 aggregate amount of all Connecticut taxable gifts made by the donor
 18 during all calendar years commencing on or after January 1, 2005,] the
 19 tax imposed by section 12-640 for the calendar year shall be at the rate
 20 set forth in the following schedule, with a credit allowed against such
 21 tax for any tax previously paid to this state pursuant to this

22 subdivision:

T24	Amount of Taxable Gifts	Rate of Tax
T25	Not over \$2,000,000	None
T26	Over \$2,000,000	
T27	but not over \$2,100,000	5.085% of the excess over \$0
T28	Over \$2,100,000	\$106,800 plus 8% of the excess
T29	but not over \$2,600,000	over \$2,100,000
T30	Over \$2,600,000	\$146,800 plus 8.8% of the excess
T31	but not over \$3,100,000	over \$2,600,000
T32	Over \$3,100,000	\$190,800 plus 9.6% of the excess
T33	but not over \$3,600,000	over \$3,100,000
T34	Over \$3,600,000	\$238,800 plus 10.4% of the excess
T35	but not over \$4,100,000	over \$3,600,000
T36	Over \$4,100,000	\$290,800 plus 11.2% of the excess
T37	but not over \$5,100,000	over \$4,100,000
T38	Over \$5,100,000	\$402,800 plus 12% of the excess
T39	but not over \$6,100,000	over \$5,100,000
T40	Over \$6,100,000	\$522,800 plus 12.8% of the excess
T41	but not over \$7,100,000	over \$6,100,000
T42	Over \$7,100,000	\$650,800 plus 13.6% of the excess
T43	but not over \$8,100,000	over \$7,100,000
T44	Over \$8,100,000	\$786,800 plus 14.4% of the excess
T45	but not over \$9,100,000	over \$8,100,000
T46	Over \$9,100,000	\$930,800 plus 15.2% of the excess
T47	but not over \$10,100,000	over \$9,100,000
T48	Over \$10,100,000	\$1,082,800 plus 16% of the excess
T49		over \$10,100,000

23 (B) With respect to Connecticut taxable gifts, as defined in section
 24 12-643, as amended, made by a donor during the calendar year
 25 commencing January 1, 2006, including the aggregate amount of all
 26 Connecticut taxable gifts made by the donor during the calendar year
 27 commencing January 1, 2005, the tax imposed by section 12-640 for the
 28 calendar year shall be at the rate set forth in the following schedule,
 29 with a credit allowed against such tax for any tax previously paid to
 30 this state pursuant to this subdivision:

T50	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T51	<u>Not over \$4,100,000</u>	<u>None</u>
T52	<u>Over \$4,100,000</u>	<u>11.2% of the excess</u>
T53	<u>but not over \$5,100,000</u>	<u>over \$4,100,000</u>
T54	<u>Over \$5,100,000</u>	<u>\$112,000 plus 12% of the excess</u>
T55	<u>but not over \$6,100,000</u>	<u>over \$5,100,000</u>
T56	<u>Over \$6,100,000</u>	<u>\$232,000 plus 12.8% of the excess</u>
T57	<u>but not over \$7,100,000</u>	<u>over \$6,100,000</u>
T58	<u>Over \$7,100,000</u>	<u>\$360,000 plus 13.6% of the excess</u>
T59	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T60	<u>Over \$8,100,000</u>	<u>\$496,000 plus 14.4% of the excess</u>
T61	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T62	<u>Over \$9,100,000</u>	<u>\$640,000 plus 15.2% of the excess</u>
T63	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T64	<u>Over \$10,100,000</u>	<u>\$792,000 plus 16% of the excess</u>
T65		<u>over \$10,100,000</u>

31 (C) With respect to Connecticut taxable gifts, as defined in section
 32 12-643, as amended, made by a donor during the calendar year
 33 commencing January 1, 2007, including the aggregate amount of all
 34 Connecticut taxable gifts made by the donor during all prior calendar

35 years commencing on or after January 1, 2005, the tax imposed by
36 section 12-640 for the calendar year shall be at the rate set forth in the
37 following schedule, with a credit allowed against such tax for any tax
38 previously paid to this state pursuant to this subdivision:

T66	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T67	<u>Not over \$5,100,000</u>	<u>None</u>
T68	<u>Over \$5,100,000</u>	<u>12% of the excess</u>
T69	<u>but not over \$6,100,000</u>	<u>over \$5,100,000</u>
T70	<u>Over \$6,100,000</u>	<u>\$120,000 plus 12.8% of the excess</u>
T71	<u>but not over \$7,100,000</u>	<u>over \$6,100,000</u>
T72	<u>Over \$7,100,000</u>	<u>\$248,000 plus 13.6% of the excess</u>
T73	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T74	<u>Over \$8,100,000</u>	<u>\$384,000 plus 14.4% of the excess</u>
T75	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T76	<u>Over \$9,100,000</u>	<u>\$528,000 plus 15.2% of the excess</u>
T77	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T78	<u>Over \$10,100,000</u>	<u>\$680,000 plus 16% of the excess</u>
T79		<u>over \$10,100,000</u>

39 (D) With respect to Connecticut taxable gifts, as defined in section
40 12-643, as amended, made by a donor during the calendar year
41 commencing January 1, 2008, including the aggregate amount of all
42 Connecticut taxable gifts made by the donor during all prior calendar
43 years commencing on or after January 1, 2005, the tax imposed by
44 section 12-640 for the calendar year shall be at the rate set forth in the
45 following schedule, with a credit allowed against such tax for any tax
46 previously paid to this state pursuant to this subdivision:

T80	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T81	<u>Not over \$7,100,000</u>	<u>None</u>
T82	<u>Over \$7,100,000</u>	<u>13.6% of the excess</u>
T83	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T84	<u>Over \$8,100,000</u>	<u>\$136,000 plus 14.4% of the excess</u>
T85	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T86	<u>Over \$9,100,000</u>	<u>\$280,000 plus 15.2% of the excess</u>
T87	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T88	<u>Over \$10,100,000</u>	<u>\$432,000 plus 16% of the excess</u>
T89		<u>over \$10,100,000</u>

47 (E) With respect to Connecticut taxable gifts, as defined in section
 48 12-643, as amended, made by a donor during the calendar year
 49 commencing January 1, 2009, including the aggregate amount of all
 50 Connecticut taxable gifts made by the donor during all prior calendar
 51 years commencing on or after January 1, 2005, the tax imposed by
 52 section 12-640 for the calendar year shall be at the rate set forth in the
 53 following schedule, with a credit allowed against such tax for any tax
 54 previously paid to this state pursuant to this subdivision:

T90	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T91	<u>Not over \$10,100,000</u>	<u>None</u>
T92	<u>Over \$10,100,000</u>	<u>16% of the excess</u>
T93		<u>over \$10,100,000</u>

55 (F) With respect to Connecticut taxable gifts, as defined in section
 56 12-643, as amended, made by a donor during calendar years
 57 commencing on or after January 1, 2010, including the aggregate
 58 amount of all Connecticut taxable gifts made by the donor during all
 59 prior calendar years commencing on or after January 1, 2005, no tax

60 shall be imposed by section 12-640 for the calendar year.

61 Sec. 2. Subsection (g) of section 12-391 of the 2006 supplement to the
 62 general statutes is repealed and the following is substituted in lieu
 63 thereof (*Effective from passage and applicable to estates of decedents dying on*
 64 *or after January 1, 2005*):

65 (g) (1) With respect to the estates of decedents dying [on or after
 66 January 1, 2005] during 2005, the tax based on the Connecticut taxable
 67 estate shall be as provided in the following schedule:

T94	Amount of Connecticut	
T95	Taxable Estate	Rate of Tax
T96	Not over \$2,000,000	None
T97	Over \$2,000,000	
T98	but not over \$2,100,000	5.085% of the excess over \$0
T99	Over \$2,100,000	\$106,800 plus 8% of the excess
T100	but not over \$2,600,000	over \$2,100,000
T101	Over \$2,600,000	\$146,800 plus 8.8% of the excess
T102	but not over \$3,100,000	over \$2,600,000
T103	Over \$3,100,000	\$190,800 plus 9.6% of the excess
T104	but not over \$3,600,000	over \$3,100,000
T105	Over \$3,600,000	\$238,800 plus 10.4% of the excess
T106	but not over \$4,100,000	over \$3,600,000
T107	Over \$4,100,000	\$290,800 plus 11.2% of the excess
T108	but not over \$5,100,000	over \$4,100,000
T109	Over \$5,100,000	\$402,800 plus 12% of the excess
T110	but not over \$6,100,000	over \$5,100,000
T111	Over \$6,100,000	\$522,800 plus 12.8% of the excess
T112	but not over \$7,100,000	over \$6,100,000
T113	Over \$7,100,000	\$650,800 plus 13.6% of the excess

T114	but not over \$8,100,000	over \$7,100,000
T115	Over \$8,100,000	\$786,800 plus 14.4% of the excess
T116	but not over \$9,100,000	over \$8,100,000
T117	Over \$9,100,000	\$930,800 plus 15.2% of the excess
T118	but not over \$10,100,000	over \$9,100,000
T119	Over \$10,100,000	\$1,082,800 plus 16% of the excess
T120		over \$10,100,000

68 (2) With respect to the estates of decedents dying during 2006, the
69 tax based on the Connecticut taxable estate shall be as provided in the
70 following schedule:

T121	<u>Amount of Connecticut</u>	
T122	<u>Taxable Estate</u>	<u>Rate of Tax</u>
T123	<u>Not over \$4,100,000</u>	<u>None</u>
T124	<u>Over \$4,100,000</u>	<u>11.2% of the excess</u>
T125	<u>but not over \$5,100,000</u>	<u>over \$4,100,000</u>
T126	<u>Over \$5,100,000</u>	<u>\$112,000 plus 12% of the excess</u>
T127	<u>but not over \$6,100,000</u>	<u>over \$5,100,000</u>
T128	<u>Over \$6,100,000</u>	<u>\$232,000 plus 12.8% of the excess</u>
T129	<u>but not over \$7,100,000</u>	<u>over \$6,100,000</u>
T130	<u>Over \$7,100,000</u>	<u>\$360,000 plus 13.6% of the excess</u>
T131	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T132	<u>Over \$8,100,000</u>	<u>\$496,000 plus 14.4% of the excess</u>
T133	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T134	<u>Over \$9,100,000</u>	<u>\$640,000 plus 15.2% of the excess</u>
T135	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T136	<u>Over \$10,100,000</u>	<u>\$792,000 plus 16% of the excess</u>
T137		<u>over \$10,100,000</u>

71 (3) With respect to the estates of decedents dying during 2007, the
72 tax based on the Connecticut taxable estate shall be as provided in the
73 following schedule:

T138	<u>Amount of Connecticut</u>	
T139	<u>Taxable Estate</u>	<u>Rate of Tax</u>
T140	<u>Not over \$5,100,000</u>	<u>None</u>
T141	<u>Over \$5,100,000</u>	<u>12% of the excess</u>
T142	<u>but not over \$6,100,000</u>	<u>over \$5,100,000</u>
T143	<u>Over \$6,100,000</u>	<u>\$120,000 plus 12.8% of the excess</u>
T144	<u>but not over \$7,100,000</u>	<u>over \$6,100,000</u>
T145	<u>Over 7,100,000</u>	<u>\$248,000 plus 13.6% of the excess</u>
T146	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T147	<u>Over \$8,100,000</u>	<u>\$384,000 plus 14.4% of the excess</u>
T148	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T149	<u>Over \$9,100,000</u>	<u>\$528,000 plus 15.2% of the excess</u>
T150	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T151	<u>Over \$10,100,000</u>	<u>\$680,000 plus 16% of the excess</u>
T152		<u>over \$10,100,000</u>

74 (4) With respect to the estates of decedents dying during 2008, the
75 tax based on the Connecticut taxable estate shall be as provided in the
76 following schedule:

T153	<u>Amount of Connecticut</u>	
T154	<u>Taxable Estate</u>	<u>Rate of Tax</u>
T155	<u>Not over \$7,100,000</u>	<u>None</u>
T156	<u>Over \$7,100,000</u>	<u>13.6% of the excess</u>
T157	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T158	<u>Over \$8,100,000</u>	<u>\$136,000 plus 14.4% of the excess</u>

T159	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T160	<u>Over 9,100,000</u>	<u>\$280,000 plus 15.2% of the excess</u>
T161	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T162	<u>Over \$10,100,000</u>	<u>\$432,000 plus 16% of the excess</u>
T163		<u>over \$10,100,000</u>

77 (5) With respect to the estates of decedents dying during 2009, the
 78 tax based on the Connecticut taxable estate shall be as provided in the
 79 following schedule:

T164	<u>Amount of Connecticut</u>	
T165	<u>Taxable Estate</u>	<u>Rate of Tax</u>
T166	<u>Not over \$10,100,000</u>	<u>None</u>
T167	<u>Over \$10,100,000</u>	<u>16% of the excess</u>
T168		<u>over \$10,100,000</u>

80 (6) With respect to the estates of decedents dying during 2010 or
 81 thereafter, no tax shall be imposed upon the transfer of the estate.

82 Sec. 3. Subdivision (1) of subsection (d) of section 12-391 of the 2006
 83 supplement to the general statutes is repealed and the following is
 84 substituted in lieu thereof (*Effective from passage and applicable to estates*
 85 *of decedents dying on or after January 1, 2005*):

86 (d) (1) With respect to the estates of decedents [who die on or after
 87 January 1, 2005] dying during 2005, 2006, 2007, 2008 or 2009, a tax is
 88 imposed upon the transfer of the estate of each person who at the time
 89 of death was a resident of this state. The amount of the tax shall be
 90 determined using the schedule in subsection (g) of this section, as
 91 amended by this act. A credit shall be allowed against such tax for any
 92 taxes paid to this state pursuant to section 12-642, as amended by this
 93 act, for Connecticut taxable gifts made on or after January 1, 2005. With

94 respect to the estates of decedents dying during 2010 or thereafter, no
 95 tax shall be imposed upon the transfer of the estate.

96 Sec. 4. Subdivision (1) of subsection (e) of section 12-391 of the 2006
 97 supplement to the general statutes is repealed and the following is
 98 substituted in lieu thereof (*Effective from passage and applicable to estates*
 99 *of decedents dying on or after January 1, 2005*):

100 (e) (1) With respect to the estates of decedents [who die on or after
 101 January 1, 2005] dying during 2005, 2006, 2007, 2008 or 2009, a tax is
 102 imposed upon the transfer of the estate of each person who at the time
 103 of death was a nonresident of this state. The amount of such tax shall
 104 be computed by multiplying (A) the amount of tax determined using
 105 the schedule in subsection (g) of this section, as amended by this act,
 106 by (B) a fraction, (i) the numerator of which is the value of that part of
 107 the decedent's gross estate over which this state has jurisdiction for
 108 estate tax purposes, and (ii) the denominator of which is the value of
 109 the decedent's gross estate. A credit shall be allowed against such tax
 110 for any taxes paid to this state pursuant to section 12-642, as amended
 111 by this act, for Connecticut taxable gifts made on or after January 1,
 112 2005. With respect to the estates of decedents dying during 2010 or
 113 thereafter, no tax shall be imposed upon the transfer of the estate.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to calendar years commencing on or after January 1, 2006</i>	12-642(a)
Sec. 2	<i>from passage and applicable to estates of decedents dying on or after January 1, 2005</i>	12-391(g)
Sec. 3	<i>from passage and applicable to estates of decedents dying on or after January 1, 2005</i>	12-391(d)(1)

Sec. 4	<i>from passage and applicable to estates of decedents dying on or after January 1, 2005</i>	12-391(e)(1)
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Statement of Purpose:

To implement the Governor's budget recommendations.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]