



House of Representatives

General Assembly

File No. 741

January Session, 2007

Substitute House Bill No. 7315

House of Representatives, May 3, 2007

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING CADETS, EXPLORERS AND JUNIOR FIREFIGHTERS, AND DEDUCTIONS FOR PROPERTY TAX ABATEMENTS FOR EMERGENCY PERSONNEL.

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

1 Section 1. Section 12-81w of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2007*):

3 The legislative body of any municipality may establish, by
4 ordinance, a program to provide property tax relief for the nonsalaried
5 local director of civil preparedness and for individuals who volunteer
6 their services as a firefighter, emergency medical technician,
7 paramedic, civil preparedness staff, an active member of a volunteer
8 canine search and rescue team, as defined in section 5-249, cadet,
9 explorer or junior firefighter or ambulance driver in the municipality.
10 Such tax relief may provide either (1) an abatement of up to one
11 thousand dollars in property taxes due for any fiscal year, or (2) an
12 exemption applicable to the assessed value of real or personal property

13 up to an amount equal to the quotient of one million dollars divided
14 by the mill rate, in effect at the time of assessment, expressed as a
15 whole number of dollars per one thousand dollars of assessed value. In
16 the case of a cadet, explorer, junior firefighter or other volunteer
17 eighteen years of age or younger, such property tax relief shall be
18 provided to a parent or other legal guardian of such volunteer with
19 whom such volunteer resides. Any ordinance may authorize interlocal
20 agreements for the purpose of providing property tax relief to such
21 volunteers who live in one municipality but volunteer their services in
22 another municipality.

23 Sec. 2. Subparagraph (B) of subdivision (20) of subsection (a) of
24 section 12-701 of the general statutes is repealed and the following is
25 substituted in lieu thereof (*Effective July 1, 2007, and applicable to taxable*
26 *years commencing on or after January 1, 2007*):

27 (B) There shall be subtracted therefrom (i) to the extent properly
28 includable in gross income for federal income tax purposes, any
29 income with respect to which taxation by any state is prohibited by
30 federal law, (ii) to the extent allowable under section 12-718, exempt
31 dividends paid by a regulated investment company, (iii) the amount of
32 any refund or credit for overpayment of income taxes imposed by this
33 state, or any other state of the United States or a political subdivision
34 thereof, or the District of Columbia, to the extent properly includable
35 in gross income for federal income tax purposes, (iv) to the extent
36 properly includable in gross income for federal income tax purposes
37 and not otherwise subtracted from federal adjusted gross income
38 pursuant to clause (x) of this subparagraph in computing Connecticut
39 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
40 extent any additional allowance for depreciation under Section 168(k)
41 of the Internal Revenue Code, as provided by Section 101 of the Job
42 Creation and Worker Assistance Act of 2002, for property placed in
43 service after December 31, 2001, but prior to September 10, 2004, was
44 added to federal adjusted gross income pursuant to subparagraph (A)
45 (ix) of this subdivision in computing Connecticut adjusted gross
46 income for a taxable year ending after December 31, 2001, twenty-five

47 per cent of such additional allowance for depreciation in each of the
48 four succeeding taxable years, (vi) to the extent properly includable in
49 gross income for federal income tax purposes, any interest income
50 from obligations issued by or on behalf of the state of Connecticut, any
51 political subdivision thereof, or public instrumentality, state or local
52 authority, district or similar public entity created under the laws of the
53 state of Connecticut, (vii) to the extent properly includable in
54 determining the net gain or loss from the sale or other disposition of
55 capital assets for federal income tax purposes, any gain from the sale
56 or exchange of obligations issued by or on behalf of the state of
57 Connecticut, any political subdivision thereof, or public
58 instrumentality, state or local authority, district or similar public entity
59 created under the laws of the state of Connecticut, in the income year
60 such gain was recognized, (viii) any interest on indebtedness incurred
61 or continued to purchase or carry obligations or securities the interest
62 on which is subject to tax under this chapter but exempt from federal
63 income tax, to the extent that such interest on indebtedness is not
64 deductible in determining federal adjusted gross income and is
65 attributable to a trade or business carried on by such individual, (ix)
66 ordinary and necessary expenses paid or incurred during the taxable
67 year for the production or collection of income which is subject to
68 taxation under this chapter but exempt from federal income tax, or the
69 management, conservation or maintenance of property held for the
70 production of such income, and the amortizable bond premium for the
71 taxable year on any bond the interest on which is subject to tax under
72 this chapter but exempt from federal income tax, to the extent that
73 such expenses and premiums are not deductible in determining federal
74 adjusted gross income and are attributable to a trade or business
75 carried on by such individual, (x) (I) for a person who files a return
76 under the federal income tax as an unmarried individual whose
77 federal adjusted gross income for such taxable year is less than fifty
78 thousand dollars, or as a married individual filing separately whose
79 federal adjusted gross income for such taxable year is less than fifty
80 thousand dollars, or for a husband and wife who file a return under
81 the federal income tax as married individuals filing jointly whose

82 federal adjusted gross income for such taxable year is less than sixty
83 thousand dollars or a person who files a return under the federal
84 income tax as a head of household whose federal adjusted gross
85 income for such taxable year is less than sixty thousand dollars, an
86 amount equal to the Social Security benefits includable for federal
87 income tax purposes; and (II) for a person who files a return under the
88 federal income tax as an unmarried individual whose federal adjusted
89 gross income for such taxable year is fifty thousand dollars or more, or
90 as a married individual filing separately whose federal adjusted gross
91 income for such taxable year is fifty thousand dollars or more, or for a
92 husband and wife who file a return under the federal income tax as
93 married individuals filing jointly whose federal adjusted gross income
94 from such taxable year is sixty thousand dollars or more or for a
95 person who files a return under the federal income tax as a head of
96 household whose federal adjusted gross income for such taxable year
97 is sixty thousand dollars or more, an amount equal to the difference
98 between the amount of Social Security benefits includable for federal
99 income tax purposes and the lesser of twenty-five per cent of the Social
100 Security benefits received during the taxable year, or twenty-five per
101 cent of the excess described in Section 86(b)(1) of the Internal Revenue
102 Code, (xi) to the extent properly includable in gross income for federal
103 income tax purposes, any amount rebated to a taxpayer pursuant to
104 section 12-746, (xii) to the extent properly includable in the gross
105 income for federal income tax purposes of a designated beneficiary,
106 any distribution to such beneficiary from any qualified state tuition
107 program, as defined in Section 529(b) of the Internal Revenue Code,
108 established and maintained by this state or any official, agency or
109 instrumentality of the state, (xiii) to the extent allowable under section
110 12-701a, contributions to accounts established pursuant to any
111 qualified state tuition program, as defined in Section 529(b) of the
112 Internal Revenue Code, established and maintained by this state or
113 any official, agency or instrumentality of the state, (xiv) to the extent
114 properly includable in gross income for federal income tax purposes,
115 the amount of any Holocaust victims' settlement payment received in
116 the taxable year by a Holocaust victim, [and] (xv) to the extent

117 properly includable in gross income for federal income tax purposes of
118 an account holder, as defined in section 31-51ww, interest earned on
119 funds deposited in the individual development account, as defined in
120 section 31-51ww, of such account holder, and (xvi) to the extent
121 properly includable in gross income for federal income tax purposes,
122 the value of any property tax abatement or exemption granted by a
123 municipality to emergency or civil preparedness personnel pursuant to
124 section 12-81w.

125 Sec. 3. Subparagraph (B) of subdivision (20) of subsection (a) of
126 section 12-701 of the general statutes, as amended by section 71 of
127 public act 05-251 and section 77 of public act 06-186, is repealed and
128 the following is substituted in lieu thereof (*Effective July 1, 2007, and*
129 *applicable to taxable years commencing on or after January 1, 2008*):

130 (B) There shall be subtracted therefrom (i) to the extent properly
131 includable in gross income for federal income tax purposes, any
132 income with respect to which taxation by any state is prohibited by
133 federal law, (ii) to the extent allowable under section 12-718, exempt
134 dividends paid by a regulated investment company, (iii) the amount of
135 any refund or credit for overpayment of income taxes imposed by this
136 state, or any other state of the United States or a political subdivision
137 thereof, or the District of Columbia, to the extent properly includable
138 in gross income for federal income tax purposes, (iv) to the extent
139 properly includable in gross income for federal income tax purposes
140 and not otherwise subtracted from federal adjusted gross income
141 pursuant to clause (x) of this subparagraph in computing Connecticut
142 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
143 extent any additional allowance for depreciation under Section 168(k)
144 of the Internal Revenue Code, as provided by Section 101 of the Job
145 Creation and Worker Assistance Act of 2002, for property placed in
146 service after December 31, 2001, but prior to September 10, 2004, was
147 added to federal adjusted gross income pursuant to subparagraph
148 (A)(ix) of this subdivision in computing Connecticut adjusted gross
149 income for a taxable year ending after December 31, 2001, twenty-five
150 per cent of such additional allowance for depreciation in each of the

151 four succeeding taxable years, (vi) to the extent properly includable in
152 gross income for federal income tax purposes, any interest income
153 from obligations issued by or on behalf of the state of Connecticut, any
154 political subdivision thereof, or public instrumentality, state or local
155 authority, district or similar public entity created under the laws of the
156 state of Connecticut, (vii) to the extent properly includable in
157 determining the net gain or loss from the sale or other disposition of
158 capital assets for federal income tax purposes, any gain from the sale
159 or exchange of obligations issued by or on behalf of the state of
160 Connecticut, any political subdivision thereof, or public
161 instrumentality, state or local authority, district or similar public entity
162 created under the laws of the state of Connecticut, in the income year
163 such gain was recognized, (viii) any interest on indebtedness incurred
164 or continued to purchase or carry obligations or securities the interest
165 on which is subject to tax under this chapter but exempt from federal
166 income tax, to the extent that such interest on indebtedness is not
167 deductible in determining federal adjusted gross income and is
168 attributable to a trade or business carried on by such individual, (ix)
169 ordinary and necessary expenses paid or incurred during the taxable
170 year for the production or collection of income which is subject to
171 taxation under this chapter but exempt from federal income tax, or the
172 management, conservation or maintenance of property held for the
173 production of such income, and the amortizable bond premium for the
174 taxable year on any bond the interest on which is subject to tax under
175 this chapter but exempt from federal income tax, to the extent that
176 such expenses and premiums are not deductible in determining federal
177 adjusted gross income and are attributable to a trade or business
178 carried on by such individual, (x) (I) for a person who files a return
179 under the federal income tax as an unmarried individual whose
180 federal adjusted gross income for such taxable year is less than fifty
181 thousand dollars, or as a married individual filing separately whose
182 federal adjusted gross income for such taxable year is less than fifty
183 thousand dollars, or for a husband and wife who file a return under
184 the federal income tax as married individuals filing jointly whose
185 federal adjusted gross income for such taxable year is less than sixty

186 thousand dollars or a person who files a return under the federal
187 income tax as a head of household whose federal adjusted gross
188 income for such taxable year is less than sixty thousand dollars, an
189 amount equal to the Social Security benefits includable for federal
190 income tax purposes; and (II) for a person who files a return under the
191 federal income tax as an unmarried individual whose federal adjusted
192 gross income for such taxable year is fifty thousand dollars or more, or
193 as a married individual filing separately whose federal adjusted gross
194 income for such taxable year is fifty thousand dollars or more, or for a
195 husband and wife who file a return under the federal income tax as
196 married individuals filing jointly whose federal adjusted gross income
197 from such taxable year is sixty thousand dollars or more or for a
198 person who files a return under the federal income tax as a head of
199 household whose federal adjusted gross income for such taxable year
200 is sixty thousand dollars or more, an amount equal to the difference
201 between the amount of Social Security benefits includable for federal
202 income tax purposes and the lesser of twenty-five per cent of the Social
203 Security benefits received during the taxable year, or twenty-five per
204 cent of the excess described in Section 86(b)(1) of the Internal Revenue
205 Code, (xi) to the extent properly includable in gross income for federal
206 income tax purposes, any amount rebated to a taxpayer pursuant to
207 section 12-746, (xii) to the extent properly includable in the gross
208 income for federal income tax purposes of a designated beneficiary,
209 any distribution to such beneficiary from any qualified state tuition
210 program, as defined in Section 529(b) of the Internal Revenue Code,
211 established and maintained by this state or any official, agency or
212 instrumentality of the state, (xiii) to the extent allowable under section
213 12-701a, contributions to accounts established pursuant to any
214 qualified state tuition program, as defined in Section 529(b) of the
215 Internal Revenue Code, established and maintained by this state or
216 any official, agency or instrumentality of the state, (xiv) to the extent
217 properly includable in gross income for federal income tax purposes,
218 the amount of any Holocaust victims' settlement payment received in
219 the taxable year by a Holocaust victim, (xv) to the extent properly
220 includable in gross income for federal income tax purposes of an

221 account holder, as defined in section 31-51ww, interest earned on
 222 funds deposited in the individual development account, as defined in
 223 section 31-51ww, of such account holder, (xvi) to the extent properly
 224 includable in gross income for federal income tax purposes, the value
 225 of any property tax abatement or exemption granted by a municipality
 226 to emergency or civil preparedness personnel pursuant to section 12-
 227 81w, and [(xvi)] (xvii) to the extent properly included in gross income
 228 for federal income tax purposes, fifty per cent of the income received
 229 from the United States government as retirement pay for a retired
 230 member of (I) the Armed Forces of the United States, as defined in
 231 Section 101 of Title 10 of the United States Code, or (II) the National
 232 Guard, as defined in Section 101 of Title 10 of the United States Code.

| | | |
|---|---|------------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>October 1, 2007</i> | 12-81w |
| Sec. 2 | <i>July 1, 2007, and applicable to taxable years commencing on or after January 1, 2007</i> | 12-701(a)(20)(B) |
| Sec. 3 | <i>July 1, 2007, and applicable to taxable years commencing on or after January 1, 2008</i> | 12-701(a)(20)(B) |

LAB *Joint Favorable Subst. C/R*

FIN

FIN *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 08 \$ | FY 09 \$ |
|--------------------------------|--------------------|-----------------|-----------------|
| Department of Revenue Services | GF - Revenue Loss | See Below | See Below |

Note: GF=General Fund

Municipal Impact:

| Municipalities | Effect | FY 08 \$ | FY 09 \$ |
|------------------------|----------------|-----------------|-----------------|
| Various Municipalities | Revenue Impact | See Below | See Below |

Explanation

The bill expands the municipal option property tax relief program for volunteer firefighters, emergency medical technicians, and other volunteers to include minors who volunteer in a junior firefighter or similar program. Municipalities that have established a program and have junior firefighters will experience a minimal loss to their net grand list (assessed value less exemptions permitted under state law).

The bill also will result in a revenue loss to the General Fund from exempting from the state income tax the value of property tax exemption or abatement for local volunteers. The revenue loss cannot be determined at this time because it is not known the value of the property tax benefits provided to volunteers by municipalities.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 7315*****AN ACT CONCERNING CADETS, EXPLORERS AND JUNIOR FIREFIGHTERS, AND DEDUCTIONS FOR PROPERTY TAX ABATEMENTS FOR EMERGENCY PERSONNEL.*****SUMMARY:**

This bill excludes the value of any municipal property tax abatement or exemption granted to emergency or civil preparedness volunteers from the state income tax.

It also authorizes municipalities to provide a property tax abatement or exemption to volunteer cadets, explorers, or junior firefighters, who are age 18 or younger. It specifies the tax relief will go to the parent or other legal guardian with whom the minor lives. The bill refers to cadets, explorers, junior firefighters, or other volunteers 18 years old or younger but it does not define what these other volunteers are.

EFFECTIVE DATE: July 1, 2007 and applicable to taxable years commencing on or after January 1, 2007.

BACKGROUND***Property Tax Relief for Emergency Volunteers***

By law, municipalities may, at their discretion, provide property tax abatements of up to \$1,000 a year or exemptions on property assessments for volunteer:

1. local civil preparedness directors (nonsalaried)
2. firefighters,
3. emergency medical technicians or paramedics,

4. civil preparedness staff,
5. members of canine search-and-rescue teams, and
6. ambulance drivers.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute Change of Reference

Yea 10 Nay 0 (03/15/2007)

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 51 Nay 2 (04/17/2007)