



# House of Representatives

General Assembly

**File No. 897**

January Session, 2007

Substitute House Bill No. 7315

*House of Representatives, May 31, 2007*

The Committee on Planning and Development reported through REP. FELTMAN of the 6th 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, DEDUCTIONS FOR PROPERTY TAX ABATEMENTS FOR EMERGENCY PERSONNEL AND THE ASSESSMENT OF APARTMENT PROPERTY.***

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 Section 12-81w of the general statutes is repealed and the  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. A property tax exemption or abatement granted  
23 to any taxpayer in accordance with the provisions of this section shall  
24 be excluded from any calculation of income for purposes of  
25 determining the eligibility for, or the benefit level of, such taxpayer  
26 under the provisions of sections 12-81f, 12-81g, 12-129b to 12-129d,  
27 inclusive, 12-129n, 12-170v, 12-170w and 12-170aa.

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29 section 12-701 of the general statutes is repealed and the following is  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

32 (B) There shall be subtracted therefrom (i) to the extent properly  
33 includable in gross income for federal income tax purposes, any  
34 income with respect to which taxation by any state is prohibited by  
35 federal law, (ii) to the extent allowable under section 12-718, exempt  
36 dividends paid by a regulated investment company, (iii) the amount of  
37 any refund or credit for overpayment of income taxes imposed by this  
38 state, or any other state of the United States or a political subdivision  
39 thereof, or the District of Columbia, to the extent properly includable  
40 in gross income for federal income tax purposes, (iv) to the extent  
41 properly includable in gross income for federal income tax purposes  
42 and not otherwise subtracted from federal adjusted gross income  
43 pursuant to clause (x) of this subparagraph in computing Connecticut  
44 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the  
45 extent any additional allowance for depreciation under Section 168(k)

46 of the Internal Revenue Code, as provided by Section 101 of the Job  
47 Creation and Worker Assistance Act of 2002, for property placed in  
48 service after December 31, 2001, but prior to September 10, 2004, was  
49 added to federal adjusted gross income pursuant to subparagraph (A)  
50 (ix) of this subdivision in computing Connecticut adjusted gross  
51 income for a taxable year ending after December 31, 2001, twenty-five  
52 per cent of such additional allowance for depreciation in each of the  
53 four succeeding taxable years, (vi) to the extent properly includable in  
54 gross income for federal income tax purposes, any interest income  
55 from obligations issued by or on behalf of the state of Connecticut, any  
56 political subdivision thereof, or public instrumentality, state or local  
57 authority, district or similar public entity created under the laws of the  
58 state of Connecticut, (vii) to the extent properly includable in  
59 determining the net gain or loss from the sale or other disposition of  
60 capital assets for federal income tax purposes, any gain from the sale  
61 or exchange of obligations issued by or on behalf of the state of  
62 Connecticut, any political subdivision thereof, or public  
63 instrumentality, state or local authority, district or similar public entity  
64 created under the laws of the state of Connecticut, in the income year  
65 such gain was recognized, (viii) any interest on indebtedness incurred  
66 or continued to purchase or carry obligations or securities the interest  
67 on which is subject to tax under this chapter but exempt from federal  
68 income tax, to the extent that such interest on indebtedness is not  
69 deductible in determining federal adjusted gross income and is  
70 attributable to a trade or business carried on by such individual, (ix)  
71 ordinary and necessary expenses paid or incurred during the taxable  
72 year for the production or collection of income which is subject to  
73 taxation under this chapter but exempt from federal income tax, or the  
74 management, conservation or maintenance of property held for the  
75 production of such income, and the amortizable bond premium for the  
76 taxable year on any bond the interest on which is subject to tax under  
77 this chapter but exempt from federal income tax, to the extent that  
78 such expenses and premiums are not deductible in determining federal  
79 adjusted gross income and are attributable to a trade or business  
80 carried on by such individual, (x) (I) for a person who files a return

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

116 qualified state tuition program, as defined in Section 529(b) of the  
117 Internal Revenue Code, established and maintained by this state or  
118 any official, agency or instrumentality of the state, (xiv) to the extent  
119 properly includable in gross income for federal income tax purposes,  
120 the amount of any Holocaust victims' settlement payment received in  
121 the taxable year by a Holocaust victim, [and] (xv) to the extent  
122 properly includable in gross income for federal income tax purposes of  
123 an account holder, as defined in section 31-51ww, interest earned on  
124 funds deposited in the individual development account, as defined in  
125 section 31-51ww, of such account holder, and (xvi) to the extent  
126 properly includable in gross income for federal income tax purposes,  
127 the value of any property tax abatement or exemption granted by a  
128 municipality to emergency or civil preparedness personnel pursuant to  
129 section 12-81w.

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

135 (B) There shall be subtracted therefrom (i) to the extent properly  
136 includable in gross income for federal income tax purposes, any  
137 income with respect to which taxation by any state is prohibited by  
138 federal law, (ii) to the extent allowable under section 12-718, exempt  
139 dividends paid by a regulated investment company, (iii) the amount of  
140 any refund or credit for overpayment of income taxes imposed by this  
141 state, or any other state of the United States or a political subdivision  
142 thereof, or the District of Columbia, to the extent properly includable  
143 in gross income for federal income tax purposes, (iv) to the extent  
144 properly includable in gross income for federal income tax purposes  
145 and not otherwise subtracted from federal adjusted gross income  
146 pursuant to clause (x) of this subparagraph in computing Connecticut  
147 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the  
148 extent any additional allowance for depreciation under Section 168(k)  
149 of the Internal Revenue Code, as provided by Section 101 of the Job

150 Creation and Worker Assistance Act of 2002, for property placed in  
151 service after December 31, 2001, but prior to September 10, 2004, was  
152 added to federal adjusted gross income pursuant to subparagraph  
153 (A)(ix) of this subdivision in computing Connecticut adjusted gross  
154 income for a taxable year ending after December 31, 2001, twenty-five  
155 per cent of such additional allowance for depreciation in each of the  
156 four succeeding taxable years, (vi) to the extent properly includable in  
157 gross income for federal income tax purposes, any interest income  
158 from obligations issued by or on behalf of the state of Connecticut, any  
159 political subdivision thereof, or public instrumentality, state or local  
160 authority, district or similar public entity created under the laws of the  
161 state of Connecticut, (vii) to the extent properly includable in  
162 determining the net gain or loss from the sale or other disposition of  
163 capital assets for federal income tax purposes, any gain from the sale  
164 or exchange of obligations issued by or on behalf of the state of  
165 Connecticut, any political subdivision thereof, or public  
166 instrumentality, state or local authority, district or similar public entity  
167 created under the laws of the state of Connecticut, in the income year  
168 such gain was recognized, (viii) any interest on indebtedness incurred  
169 or continued to purchase or carry obligations or securities the interest  
170 on which is subject to tax under this chapter but exempt from federal  
171 income tax, to the extent that such interest on indebtedness is not  
172 deductible in determining federal adjusted gross income and is  
173 attributable to a trade or business carried on by such individual, (ix)  
174 ordinary and necessary expenses paid or incurred during the taxable  
175 year for the production or collection of income which is subject to  
176 taxation under this chapter but exempt from federal income tax, or the  
177 management, conservation or maintenance of property held for the  
178 production of such income, and the amortizable bond premium for the  
179 taxable year on any bond the interest on which is subject to tax under  
180 this chapter but exempt from federal income tax, to the extent that  
181 such expenses and premiums are not deductible in determining federal  
182 adjusted gross income and are attributable to a trade or business  
183 carried on by such individual, (x) (I) for a person who files a return  
184 under the federal income tax as an unmarried individual whose

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

220 Internal Revenue Code, established and maintained by this state or  
221 any official, agency or instrumentality of the state, (xiv) to the extent  
222 properly includable in gross income for federal income tax purposes,  
223 the amount of any Holocaust victims' settlement payment received in  
224 the taxable year by a Holocaust victim, (xv) to the extent properly  
225 includable in gross income for federal income tax purposes of an  
226 account holder, as defined in section 31-51ww, interest earned on  
227 funds deposited in the individual development account, as defined in  
228 section 31-51ww, of such account holder, (xvi) to the extent properly  
229 includable in gross income for federal income tax purposes, the value  
230 of any property tax abatement or exemption granted by a municipality  
231 to emergency or civil preparedness personnel pursuant to section 12-  
232 81w, and [(xvi)] (xvii) to the extent properly included in gross income  
233 for federal income tax purposes, fifty per cent of the income received  
234 from the United States government as retirement pay for a retired  
235 member of (I) the Armed Forces of the United States, as defined in  
236 Section 101 of Title 10 of the United States Code, or (II) the National  
237 Guard, as defined in Section 101 of Title 10 of the United States Code.

238 Sec. 4. Subsection (a) of section 12-62n of the general statutes is  
239 repealed and the following is substituted in lieu thereof (*Effective from*  
240 *passage, and applicable to assessment years commencing on or after October*  
241 *1, 2006*):

242 (a) For the purposes of this section:

243 (1) "Apartment property" means (A) a building containing (i) five or  
244 more dwelling units used for human habitation, or (ii) four or fewer  
245 dwelling units used for human habitation which comprise not less  
246 than fifty per cent of the square footage of the building, and (B) the  
247 parcel of land on which such building is situated [,] and any accessory  
248 buildings or other improvements located on such parcel;

249 (2) "Base year" means the fiscal year immediately preceding the  
250 fiscal year in which a municipality levies property taxes on the basis of  
251 assessments derived from a revaluation implemented pursuant to  
252 section 12-62; and

253 (3) "Residential property" means a building containing four or fewer  
254 dwelling units used for human habitation, the parcel of land on which  
255 such building is situated, and any accessory buildings or other  
256 improvements located on such parcel.

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)
Sec. 4	<i>from passage, and applicable to assessment years commencing on or after October 1, 2006</i>	12-62n(a)

**PD**      *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:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 08 \$</b>	<b>FY 09 \$</b>
Department of Revenue Services	GF - Revenue Loss	See Below	See Below

Note: GF=General Fund

#### **Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 08 \$</b>	<b>FY 09 \$</b>
Various Municipalities	Revenue Impact	See Below	See Below
Hartford	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.

Section 4 of the bill expands the definition of apartment property to include mixed use real property that has four or fewer dwelling units but make up at least 50% of a buildings square footage. This change is expected to reduce the assessment rate on a number of properties in Hartford, which will result in a reduction in their grand list and likely

necessitate an increase in the City's mill rate or a modification to their budget to offset the reduction.

***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, DEDUCTIONS FOR PROPERTY TAX ABATEMENTS FOR EMERGENCY PERSONNEL AND THE ASSESSMENT OF APARTMENT PROPERTY.*****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.

It excludes property tax exemptions or abatements for emergency volunteers from counting as income when determining eligibility for various veterans, elderly, and disabled homeowner property tax relief programs. The exclusion covers volunteer firefighters, emergency medical technicians, paramedics, civil preparedness directors or staff, canine search and rescue team members, and ambulance drivers.

The bill also expands the definition of "apartment property" in the Hartford property tax relief law to include buildings with four or fewer apartments making up at least 50% of the building's square footage. Current law defines apartment property as a building containing five or more dwelling units.

EFFECTIVE DATE: July 1, 2007, and applicable to taxable years commencing on or after January 1, 2007; except the Hartford property tax provision is applicable to assessment years commencing on or after October 1, 2006.

## **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.

### ***Hartford Property Tax Relief Program***

This law allows a municipality that meets certain conditions (Hartford is the only one) to implement a special property tax relief program limiting annual tax increases for residential and apartment property resulting from a revaluation. Under the program, the increases can be no more than 3.5% per year for five years.

It applies to a municipality that, in the October 1, 2005 assessment year, was implementing the state “tax cap” law that allows towns to provide a property tax credit for one- to three-family owner-occupied houses funded by a surcharge on other property of up to 15%. As a condition of using the program, the municipality must reduce the nonresidential property tax surcharge to no more than 7.5% as of the October 1, 2010 assessment year.

**Legislative History**

On May 15, the House referred the bill (File 741) to the Planning and Development Committee. On May 22, the committee reported out the substitute language that adds (1) the provision excluding emergency volunteer property tax breaks from counting as income when determining eligibility for various other property tax relief programs and (2) the provision on the Hartford property tax relief program.

**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)

Government Administration and Elections Committee

Joint Favorable  
Yea 11 Nay 0 (05/09/2007)

Planning and Development Committee

Joint Favorable Substitute  
Yea 19 Nay 1 (05/22/2007)