



Senate

General Assembly

File No. 690

January Session, 2007

Substitute Senate Bill No. 1390

Senate, May 2, 2007

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING REVENUES OF THE STATE.

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

1 Section 1. Section 12-211a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2007, and*
3 *applicable to income years commencing on or after January 1, 2007*):

4 Notwithstanding any provision of the general statutes, the amount
5 of tax credit or credits otherwise allowable against the tax imposed
6 under this chapter for any income year shall not exceed [~~seventy~~] sixty
7 per cent of the amount of tax due from such taxpayer under this
8 chapter with respect to such income year of the taxpayer prior to the
9 application of such credit or credits.

10 Sec. 2. Section 12-217zz of the general statutes is repealed and the
11 following is substituted in lieu thereof (*Effective July 1, 2007, and*
12 *applicable to income years commencing on or after January 1, 2007*):

13 Notwithstanding any other provision of law, the amount of tax
14 credit or credits otherwise allowable against the tax imposed under
15 this chapter for any income year shall not exceed [seventy] sixty per
16 cent of the amount of tax due from such taxpayer under this chapter
17 with respect to such income year of the taxpayer prior to the
18 application of such credit or credits.

19 Sec. 3. Section 12-296 of the general statutes is repealed and the
20 following is substituted in lieu thereof (*Effective July 1, 2007, and*
21 *applicable to sales occurring on or after July 1, 2007*):

22 A tax is imposed on all cigarettes held in this state by any person for
23 sale, said tax to be at the rate of [seventy-five and one-half] one
24 hundred mills for each cigarette and the payment thereof shall be for
25 the account of the purchaser or consumer of such cigarettes and shall
26 be evidenced by the affixing of stamps to the packages containing the
27 cigarettes as provided in this chapter.

28 Sec. 4. Section 12-316 of the general statutes is repealed and the
29 following is substituted in lieu thereof (*Effective July 1, 2007, and*
30 *applicable to the storage or use of unstamped cigarettes occurring on or after*
31 *July 1, 2007*):

32 A tax is hereby imposed at the rate of [seventy-five and one-half]
33 one hundred mills for each cigarette upon the storage or use within
34 this state of any unstamped cigarettes in the possession of any person
35 other than a licensed distributor or dealer, or a carrier for transit from
36 without this state to a licensed distributor or dealer within this state.
37 Any person, including distributors, dealers, carriers, warehousemen
38 and consumers, last having possession of unstamped cigarettes in this
39 state shall be liable for the tax on such cigarettes if such cigarettes are
40 unaccounted for in transit, storage or otherwise, and in such event a
41 presumption shall exist for the purpose of taxation that such cigarettes
42 were used and consumed in Connecticut.

43 Sec. 5. (NEW) (*Effective July 1, 2007*) (a) An excise tax is hereby
44 imposed upon each distributor and each dealer, as each are defined in

45 section 12-285 of the general statutes and licensed pursuant to chapter
46 214 of the general statutes, in the amount of twenty-four and one-half
47 mills per cigarette, as defined in said section 12-285, in such
48 distributor's or such dealer's inventory as of the close of business on
49 June 30, 2007, or, if the business closes after eleven fifty-nine p.m. on
50 such date, at eleven fifty-nine p.m. on such date.

51 (b) Each such licensed distributor or dealer shall, not later than
52 August 15, 2007, file with the Commissioner of Revenue Services, on
53 forms prescribed by said commissioner, a report that shows the
54 number of cigarettes in inventory as of the close of business on June 30,
55 2007, or, if the business closes after eleven fifty-nine p.m. on such date,
56 at eleven fifty-nine p.m. on such date, upon which inventory the tax
57 under subsection (a) of this section shall be imposed. The tax shall be
58 due and payable on the due date of such report. If any distributor or
59 dealer required to file a report pursuant to this section fails to file such
60 report on or before August 15, 2007, the commissioner shall make an
61 estimate of the number of cigarettes in such distributor's or dealer's
62 inventory as of the close of business on June 30, 2007, based upon any
63 information that is in the commissioner's possession or that may come
64 into the commissioner's possession. The provisions of chapter 214 of
65 the general statutes pertaining to failure to file returns, examination of
66 returns by the commissioner, the issuance of deficiency assessments or
67 assessments where no return has been filed, the collection of tax, the
68 imposition of penalties and the accrual of interest shall apply to the
69 distributors and dealers required to pay the tax imposed under this
70 section. Failure of any distributor or dealer to file such report when
71 due shall be sufficient reason to revoke such distributor's or dealer's
72 license under the provisions of said chapter 214 and to revoke any
73 other state license or permit held by such distributor or dealer.

74 Sec. 6. Section 12-391 of the general statutes is repealed and the
75 following is substituted in lieu thereof (*Effective July 1, 2007, and*
76 *applicable to the estates of decedents who die on or after January 1, 2007*):

77 (a) With respect to estates of decedents who die prior to January 1,

78 2005, and except as otherwise provided in section 59 of public act 03-1
79 of the June 30 special session*, a tax is imposed upon the transfer of the
80 estate of each person who at the time of death was a resident of this
81 state. The amount of the tax shall be the amount of the federal credit
82 allowable for estate, inheritance, legacy and succession taxes paid to
83 any state or the District of Columbia under the provisions of the
84 federal internal revenue code in force at the date of such decedent's
85 death in respect to any property owned by such decedent or subject to
86 such taxes as part of or in connection with the estate of such decedent.
87 If real or tangible personal property of such decedent is located outside
88 of this state and is subject to estate, inheritance, legacy, or succession
89 taxes by any state or states, other than the state of Connecticut, or by
90 the District of Columbia for which such federal credit is allowable, the
91 amount of tax due under this section shall be reduced by the lesser of:
92 (1) The amount of any such taxes paid to such other state or states or
93 said district and allowed as a credit against the federal estate tax; or (2)
94 an amount computed by multiplying such federal credit by a fraction,
95 (A) the numerator of which is the value of that part of the decedent's
96 gross estate over which such other state or states or said district have
97 jurisdiction for estate tax purposes to the same extent to which this
98 state would assert jurisdiction for estate tax purposes under this
99 chapter with respect to the residents of such other state or states or
100 said district, and (B) the denominator of which is the value of the
101 decedent's gross estate. Property of a resident estate over which this
102 state has jurisdiction for estate tax purposes includes real property
103 situated in this state, tangible personal property having an actual situs
104 in this state, and intangible personal property owned by the decedent,
105 regardless of where it is located. The amount of any estate tax imposed
106 under this subsection shall also be reduced, but not below zero, by the
107 amount of any tax that is imposed under chapter 216 and that is
108 actually paid to this state.

109 (b) With respect to the estates of decedents who die prior to January
110 1, 2005, and except as otherwise provided in section 59 of public act 03-
111 1 of the June 30 special session*, a tax is imposed upon the transfer of
112 the estate of each person who at the time of death was a nonresident of

113 this state, the amount of which shall be computed by multiplying (1)
114 the federal credit allowable for estate, inheritance, legacy, and
115 succession taxes paid to any state or states or the District of Columbia
116 under the provisions of the federal internal revenue code in force at the
117 date of such decedent's death in respect to any property owned by
118 such decedent or subject to such taxes as a part of or in connection
119 with the estate of such decedent by (2) a fraction, (A) the numerator of
120 which is the value of that part of the decedent's gross estate over which
121 this state has jurisdiction for estate tax purposes and (B) the
122 denominator of which is the value of the decedent's gross estate.
123 Property of a nonresident estate over which this state has jurisdiction
124 for estate tax purposes includes real property situated in this state and
125 tangible personal property having an actual situs in this state. The
126 amount of any estate tax imposed under this subsection shall also be
127 reduced, but not below zero, by the amount of any tax that is imposed
128 under chapter 216 and that is actually paid to this state.

129 (c) For purposes of this section:

130 (1) "Connecticut taxable estate" means (A) the gross estate less
131 allowable deductions, as determined under Chapter 11 of the Internal
132 Revenue Code, plus (B) the aggregate amount of all Connecticut
133 taxable gifts, as defined in section 12-643, made by the decedent for all
134 calendar years beginning on or after January 1, 2005, other than gifts
135 that are includable in the gross estate of the decedent. The deduction
136 for state death taxes paid under Section 2058 of said code shall be
137 disregarded.

138 (2) "Internal Revenue Code" means the Internal Revenue Code of
139 1986, or any subsequent corresponding internal revenue code of the
140 United States, as from time to time amended, except in the event of
141 repeal of the federal estate tax, then all references to the Internal
142 Revenue Code in this section shall mean the Internal Revenue Code as
143 in force on the day prior to the effective date of such repeal.

144 (3) "Gross estate" means the gross estate, for federal estate tax
145 purposes.

146 (d) (1) With respect to the estates of decedents who die on or after
147 January 1, 2005, a tax is imposed upon the transfer of the estate of each
148 person who at the time of death was a resident of this state. The
149 amount of the tax shall be determined using the schedule in subsection
150 (g) of this section. A credit shall be allowed against such tax for any
151 taxes paid to this state pursuant to section 12-642 for Connecticut
152 taxable gifts made on or after January 1, 2005.

153 (2) If real or tangible personal property of such decedent is located
154 outside of this state, [and is subject to estate, inheritance, legacy or
155 succession taxes by any state or states, other than the state of
156 Connecticut, or by the District of Columbia,] the amount of tax due
157 under this section shall be reduced by [the lesser of: (A) The amount of
158 any taxes paid to such other state or states or said district; or (B)] an
159 amount computed by multiplying the tax otherwise due pursuant to
160 subdivision (1) of this subsection, without regard to the credit allowed
161 for any taxes paid to this state pursuant to section 12-642, by a fraction,
162 (i) the numerator of which is the value of that part of the decedent's
163 gross estate over which such other state or states or said district have
164 jurisdiction for estate tax purposes to the same extent to which this
165 state would assert jurisdiction for estate tax purposes under this
166 chapter, with respect to the residents of such other state or states or
167 said district, and (ii) the denominator of which is the value of the
168 decedent's gross estate.

169 (3) Property of a resident estate over which this state has jurisdiction
170 for estate tax purposes includes real property situated in this state,
171 tangible personal property having an actual situs in this state and
172 intangible personal property owned by the decedent, regardless of
173 where it is located.

174 (e) (1) With respect to the estates of decedents who die on or after
175 January 1, 2005, a tax is imposed upon the transfer of the estate of each
176 person who at the time of death was a nonresident of this state. The
177 amount of such tax shall be computed by multiplying (A) the amount
178 of tax determined using the schedule in subsection (g) of this section

179 by (B) a fraction, (i) the numerator of which is the value of that part of
 180 the decedent's gross estate over which this state has jurisdiction for
 181 estate tax purposes, and (ii) the denominator of which is the value of
 182 the decedent's gross estate. A credit shall be allowed against such tax
 183 for any taxes paid to this state pursuant to section 12-642, on or after
 184 January 1, 2005.

185 (2) Property of a nonresident estate over which this state has
 186 jurisdiction for estate tax purposes includes real property situated in
 187 this state and tangible personal property having an actual situs in this
 188 state.

189 (f) (1) For purposes of the tax imposed under this section, the value
 190 of the Connecticut taxable estate shall be determined taking into
 191 account all of the deductions available under the Internal Revenue
 192 Code of 1986, specifically including, but not limited to, the deduction
 193 available under Section 2056(b)(7) of said code for a qualifying income
 194 interest for life in a surviving spouse.

195 (2) An election under said Section 2056(b)(7) may be made for state
 196 estate tax purposes regardless of whether any such election is made for
 197 federal estate tax purposes. The value of the gross estate shall include
 198 the value of any property in which the decedent had a qualifying
 199 income interest for life for which an election was made under this
 200 subsection.

201 (g) (1) With respect to the estates of decedents dying on or after
 202 January 1, 2005, the tax based on the Connecticut taxable estate shall be
 203 as provided in the following schedule:

T1	Amount of Connecticut	
T2	Taxable Estate	Rate of Tax
T3	Not over \$2,000,000	None
T4	Over \$2,000,000	
T5	but not over \$2,100,000	5.085% of the excess over \$0
T6	Over \$2,100,000	\$106,800 plus 8% of the excess

T7	but not over \$2,600,000	over \$2,100,000
T8	Over \$2,600,000	\$146,800 plus 8.8% of the excess
T9	but not over \$3,100,000	over \$2,600,000
T10	Over \$3,100,000	\$190,800 plus 9.6% of the excess
T11	but not over \$3,600,000	over \$3,100,000
T12	Over \$3,600,000	\$238,800 plus 10.4% of the excess
T13	but not over \$4,100,000	over \$3,600,000
T14	Over \$4,100,000	\$290,800 plus 11.2% of the excess
T15	but not over \$5,100,000	over \$4,100,000
T16	Over \$5,100,000	\$402,800 plus 12% of the excess
T17	but not over \$6,100,000	over \$5,100,000
T18	Over \$6,100,000	\$522,800 plus 12.8% of the excess
T19	but not over \$7,100,000	over \$6,100,000
T20	Over \$7,100,000	\$650,800 plus 13.6% of the excess
T21	but not over \$8,100,000	over \$7,100,000
T22	Over \$8,100,000	\$786,800 plus 14.4% of the excess
T23	but not over \$9,100,000	over \$8,100,000
T24	Over \$9,100,000	\$930,800 plus 15.2% of the excess
T25	but not over \$10,100,000	over \$9,100,000
T26	Over \$10,100,000	\$1,082,800 plus 16% of the excess
T27		over \$10,100,000

204 (2) With respect to the estates of decedents dying on or after January
 205 1, 2007, the tax based on the Connecticut taxable estate shall be as
 206 provided in the following schedule:

T28	<u>Amount of Connecticut</u>	
T29	<u>Taxable Estate</u>	<u>Rate of Tax</u>
T30	<u>Not over \$2,000,000</u>	<u>None</u>
T31	<u>Over \$2,000,000</u>	<u>5.085% of the excess over</u>
T32	<u>but not over \$2,100,000</u>	<u>\$2,000,000</u>

T33	<u>Over \$2,100,000</u>	<u>\$5,100 plus 10.0% of the excess</u>
T34	<u>but not over \$2,600,000</u>	<u>over \$2,100,000</u>
T35	<u>Over \$2,600,000</u>	<u>\$55,100 plus 11.0% of the excess</u>
T36	<u>but not over \$3,100,000</u>	<u>over \$2,600,000</u>
T37	<u>Over \$3,100,000</u>	<u>\$110,100 plus 12.0% of the excess</u>
T38	<u>but not over \$3,600,000</u>	<u>over \$3,100,000</u>
T39	<u>Over \$3,600,000</u>	<u>\$170,100 plus 13.0% of the excess</u>
T40	<u>but not over \$4,100,000</u>	<u>over \$3,600,000</u>
T41	<u>Over \$4,100,000</u>	<u>\$235,100 plus 14.0% of the excess</u>
T42	<u>but not over \$5,100,000</u>	<u>over \$4,100,000</u>
T43	<u>Over \$5,100,000</u>	<u>\$375,100 plus 15% of the excess</u>
T44	<u>but not over \$6,100,000</u>	<u>over \$5,100,000</u>
T45	<u>Over \$6,100,000</u>	<u>\$525,100 plus 16.0% of the excess</u>
T46	<u>but not over \$7,100,000</u>	<u>over \$6,100,000</u>
T47	<u>Over \$7,100,000</u>	<u>\$685,100 plus 17.0% of the excess</u>
T48	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T49	<u>Over \$8,100,000</u>	<u>\$855,100 plus 18.0% of the excess</u>
T50	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T51	<u>Over \$9,100,000</u>	<u>\$1,035,000 plus 19.0% of the</u>
T52	<u>but not over \$10,100,000</u>	<u>excess over \$9,100,000</u>
T53	<u>Over \$10,100,000</u>	<u>\$1,225,100 plus 20.0% of the</u>
T54		<u>excess over \$10,100,000</u>

207 (h) (1) For the purposes of this chapter, each decedent shall be
 208 presumed to have died a resident of this state. The burden of proof in
 209 an estate tax proceeding shall be upon any decedent's estate claiming
 210 exemption by reason of the decedent's alleged nonresidency.

211 (2) Any person required to make and file a tax return under this
 212 chapter, believing that the decedent died a nonresident of this state,
 213 may file a request for determination of domicile in writing with the
 214 Commissioner of Revenue Services, stating the specific grounds upon

215 which the request is founded provided (A) such person has filed such
216 return, (B) at least two hundred seventy days, but no more than three
217 years, has elapsed since the due date of such return or, if an
218 application for extension of time to file such return has been granted,
219 the extended due date of such return, (C) such person has not been
220 notified, in writing, by said commissioner that a written agreement of
221 compromise with the taxing authorities of another jurisdiction, under
222 section 12-395a, is being negotiated, and (D) the commissioner has not
223 previously determined whether the decedent died a resident of this
224 state. Not later than one hundred eighty days following receipt of such
225 request for determination, the commissioner shall determine whether
226 such decedent died a resident or a nonresident of this state. If the
227 commissioner commences negotiations over a written agreement of
228 compromise with the taxing authorities of another jurisdiction after a
229 request for determination of domicile is filed, the one-hundred-eighty-
230 day period shall be tolled for the duration of such negotiations. When,
231 before the expiration of such one-hundred-eighty-day period, both the
232 commissioner and the person required to make and file a tax return
233 under this chapter have consented in writing to the making of such
234 determination after such time, the determination may be made at any
235 time prior to the expiration of the period agreed upon. The period so
236 agreed upon may be extended by subsequent agreements in writing
237 made before the expiration of the period previously agreed upon. The
238 commissioner shall mail notice of his proposed determination to the
239 person required to make and file a tax return under this chapter. Such
240 notice shall set forth briefly the commissioner's findings of fact and the
241 basis of such proposed determination. Sixty days after the date on
242 which it is mailed, a notice of proposed determination shall constitute
243 a final determination unless the person required to make and file a tax
244 return under this chapter has filed, as provided in subdivision (3) of
245 this subsection, a written protest with the Commissioner of Revenue
246 Services.

247 (3) On or before the sixtieth day after mailing of the proposed
248 determination, the person required to make and file a tax return under
249 this chapter may file with the commissioner a written protest against

250 the proposed determination in which such person shall set forth the
251 grounds on which the protest is based. If such a protest is filed, the
252 commissioner shall reconsider the proposed determination and, if the
253 person required to make and file a tax return under this chapter has so
254 requested, may grant or deny such person or the authorized
255 representatives of such person an oral hearing.

256 (4) Notice of the commissioner's determination shall be mailed to
257 the person required to make and file a tax return under this chapter
258 and such notice shall set forth briefly the commissioner's findings of
259 fact and the basis of decision in each case decided adversely to such
260 person.

261 (5) The action of the commissioner on a written protest shall be final
262 upon the expiration of one month from the date on which he mails
263 notice of his action to the person required to make and file a tax return
264 under this chapter unless within such period such person seeks review
265 of the commissioner's determination pursuant to subsection (b) of
266 section 12-395.

267 (6) Nothing in this subsection shall be construed to relieve any
268 person filing a request for determination of domicile of the obligation
269 to pay the correct amount of tax on or before the due date of the tax.

270 Sec. 7. Subdivision (37) of subsection (a) of section 12-407 of the
271 general statutes is repealed and the following is substituted in lieu
272 thereof (*Effective July 1, 2007*):

273 (37) "Services" for purposes of subdivision (2) of this subsection,
274 means:

275 (A) Computer and data processing services, including, but not
276 limited to, time, programming, code writing, modification of existing
277 programs, feasibility studies and installation and implementation of
278 software programs and systems even where such services are rendered
279 in connection with the development, creation or production of canned
280 or custom software or the license of custom software, and exclusive of

281 services rendered in connection with the creation, development
282 hosting or maintenance of all or part of a web site which is part of the
283 graphical, hypertext portion of the Internet, commonly referred to as
284 the World Wide Web;

285 (B) Credit information and reporting services;

286 (C) Services by employment agencies and agencies providing
287 personnel services;

288 (D) Private investigation, protection, patrol work, watchman and
289 armored car services, exclusive of (i) services of off-duty police officers
290 and off-duty firefighters, and (ii) coin and currency services provided
291 to a financial services company by or through another financial
292 services company. For purposes of this subparagraph, "financial
293 services company" has the same meaning as provided under
294 subparagraphs (A) to (H), inclusive, of subdivision (6) of subsection (a)
295 of section 12-218b;

296 (E) Painting and lettering services;

297 (F) Photographic studio services;

298 (G) Telephone answering services;

299 (H) Stenographic services;

300 (I) Services to industrial, commercial or income-producing real
301 property, including, but not limited to, such services as management,
302 electrical, plumbing, painting and carpentry and excluding any such
303 services rendered in the voluntary evaluation, prevention, treatment,
304 containment or removal of hazardous waste, as defined in section
305 22a-115, or other contaminants of air, water or soil, provided
306 income-producing property shall not include property used
307 exclusively for residential purposes in which the owner resides and
308 which contains no more than three dwelling units, or a housing facility
309 for low and moderate income families and persons owned or operated
310 by a nonprofit housing organization, as defined in subdivision (29) of

311 section 12-412;

312 (J) Business analysis, management, management consulting and
313 public relations services, excluding (i) any environmental consulting
314 services, (ii) any training services provided by an institution of higher
315 education licensed or accredited by the Board of Governors of Higher
316 Education pursuant to section 10a-34, and (iii) on and after January 1,
317 1994, any business analysis, management, management consulting and
318 public relations services when such services are rendered in connection
319 with an aircraft leased or owned by a certificated air carrier or in
320 connection with an aircraft which has a maximum certificated take-off
321 weight of six thousand pounds or more;

322 (K) Services providing "piped-in" music to business or professional
323 establishments;

324 (L) Flight instruction and chartering services by a certificated air
325 carrier on an aircraft, the use of which for such purposes, but for the
326 provisions of subdivision (4) of section 12-410 and subdivision (12) of
327 section 12-411, would be deemed a retail sale and a taxable storage or
328 use, respectively, of such aircraft by such carrier;

329 (M) Motor vehicle repair services, including any type of repair,
330 painting or replacement related to the body or any of the operating
331 parts of a motor vehicle;

332 (N) Motor vehicle parking, including the provision of space, other
333 than metered space, in a lot having thirty or more spaces, excluding (i)
334 space in a seasonal parking lot provided by a person who is exempt
335 from taxation under this chapter pursuant to subdivision (1), (5) or (8)
336 of section 12-412, (ii) space in a parking lot owned or leased under the
337 terms of a lease of not less than ten years' duration and operated by an
338 employer for the exclusive use of its employees, (iii) valet parking
339 provided at any airport, and (iv) space in municipally-operated
340 railroad parking facilities in municipalities located within an area of
341 the state designated as a severe nonattainment area for ozone under
342 the federal Clean Air Act or space in a railroad parking facility in a

343 municipality located within an area of the state designated as a severe
344 nonattainment area for ozone under the federal Clean Air Act owned
345 or operated by the state on or after April 1, 2000;

346 (O) Radio or television repair services;

347 (P) Furniture reupholstering and repair services;

348 (Q) Repair services to any electrical or electronic device, including,
349 but not limited to, equipment used for purposes of refrigeration or
350 air-conditioning;

351 (R) Lobbying or consulting services for purposes of representing the
352 interests of a client in relation to the functions of any governmental
353 entity or instrumentality;

354 (S) Services of the agent of any person in relation to the sale of any
355 item of tangible personal property for such person, exclusive of the
356 services of a consignee selling works of art, as defined in subsection (b)
357 of section 12-376c, or articles of clothing or footwear intended to be
358 worn on or about the human body other than (i) any special clothing
359 or footwear primarily designed for athletic activity or protective use
360 and which is not normally worn except when used for the athletic
361 activity or protective use for which it was designed, and (ii) jewelry,
362 handbags, luggage, umbrellas, wallets, watches and similar items
363 carried on or about the human body but not worn on the body in the
364 manner characteristic of clothing, [intended for exemption under
365 subdivision (47) of section 12-412,] under consignment, exclusive of
366 services provided by an auctioneer;

367 (T) Locksmith services;

368 (U) Advertising or public relations services, including layout, art
369 direction, graphic design, mechanical preparation or production
370 supervision, not related to the development of media advertising or
371 cooperative direct mail advertising;

372 (V) Landscaping and horticulture services;

373 (W) Window cleaning services;

374 (X) Maintenance services;

375 (Y) Janitorial services;

376 (Z) Exterminating services;

377 (AA) Swimming pool cleaning and maintenance services;

378 (BB) Miscellaneous personal services included in industry group 729
379 in the Standard Industrial Classification Manual, United States Office
380 of Management and Budget, 1987 edition, or U.S. industry 532220,
381 812191, 812199 or 812990 in the North American Industrial
382 Classification System United States Manual, United States Office of
383 Management and Budget, 1997 edition, exclusive of (i) services
384 rendered by massage therapists licensed pursuant to chapter 384a, and
385 (ii) services rendered by an electrologist licensed pursuant to chapter
386 388;

387 (CC) Any repair or maintenance service to any item of tangible
388 personal property including any contract of warranty or service related
389 to any such item;

390 (DD) Business analysis, management or managing consulting
391 services rendered by a general partner, or an affiliate thereof, to a
392 limited partnership, provided (i) the general partner, or an affiliate
393 thereof, is compensated for the rendition of such services other than
394 through a distributive share of partnership profits or an annual
395 percentage of partnership capital or assets established in the limited
396 partnership's offering statement, and (ii) the general partner, or an
397 affiliate thereof, offers such services to others, including any other
398 partnership. As used in this subparagraph "an affiliate of a general
399 partner" means an entity which is directly or indirectly owned fifty per
400 cent or more in common with a general partner;

401 (EE) Notwithstanding the provisions of section 12-412, except
402 subdivision (87) of said section 12-412, patient care services, as defined

403 in subdivision (29) of this subsection by a hospital, except that "sale"
404 and "selling" does not include such patient care services for which
405 payment is received by the hospital during the period commencing
406 July 1, 2001, and ending June 30, 2003. [;]

407 [(FF) Health and athletic club services, exclusive of (i) any such
408 services provided without any additional charge which are included in
409 any dues or initiation fees paid to any such club, which dues or fees
410 are subject to tax under section 12-543, (ii) any such services provided
411 by a municipality or an organization that is described in Section 501(c)
412 of the Internal Revenue Code of 1986, or any subsequent
413 corresponding internal revenue code of the United States, as from time
414 to time amended, and (iii) yoga instruction provided at a yoga studio.]

415 Sec. 8. Subdivision (1) of section 12-408 of the general statutes is
416 repealed and the following is substituted in lieu thereof (*Effective July*
417 *1, 2007*):

418 (1) For the privilege of making any sales, as defined in subdivision
419 (2) of subsection (a) of section 12-407, at retail, in this state for a
420 consideration, a tax is hereby imposed on all retailers at the rate of six
421 per cent of the gross receipts of any retailer from the sale of all tangible
422 personal property sold at retail or from the rendering of any services
423 constituting a sale in accordance with subdivision (2) of subsection (a)
424 of section 12-407, except, in lieu of said rate of six per cent, (A) at a rate
425 of twelve per cent with respect to each transfer of occupancy, from the
426 total amount of rent received for such occupancy of any room or
427 rooms in a hotel or lodging house for the first period not exceeding
428 thirty consecutive calendar days, (B) with respect to the sale of a motor
429 vehicle to any individual who is a member of the armed forces of the
430 United States and is on full-time active duty in Connecticut and who is
431 considered, under 50 App USC 574, a resident of another state, or to
432 any such individual and the spouse thereof, at a rate of four and
433 one-half per cent of the gross receipts of any retailer from such sales,
434 provided such retailer requires and maintains a declaration by such
435 individual, prescribed as to form by the commissioner and bearing

436 notice to the effect that false statements made in such declaration are
437 punishable, or other evidence, satisfactory to the commissioner,
438 concerning the purchaser's state of residence under 50 App USC 574,
439 (C) (i) with respect to the sales of computer and data processing
440 services occurring on or after July 1, 1997, and prior to July 1, 1998, at
441 the rate of five per cent, on or after July 1, 1998, and prior to July 1,
442 1999, at the rate of four per cent, on or after July 1, 1999, and prior to
443 July 1, 2000, at the rate of three per cent, on or after July 1, 2000, and
444 prior to July 1, 2001, at the rate of two per cent, on or after July 1, 2001,
445 at the rate of one per cent, and on and after July 1, 2007, such services
446 shall be exempt from such tax, (ii) with respect to sales of Internet
447 access services, on and after July 1, 2001, such services shall be exempt
448 from such tax, (D) with respect to the sales of labor that is otherwise
449 taxable under subparagraph (C) or (G) of subdivision (2) of subsection
450 (a) of section 12-407 on existing vessels and repair or maintenance
451 services on vessels occurring on and after July 1, 1999, such services
452 shall be exempt from such tax, (E) with respect to patient care services
453 for which payment is received by the hospital on or after July 1, 1999,
454 and prior to July 1, 2001, at the rate of five and three-fourths per cent
455 and on and after July 1, 2001, such services shall be exempt from such
456 tax. The rate of tax imposed by this chapter shall be applicable to all
457 retail sales upon the effective date of such rate, except that a new rate
458 which represents an increase in the rate applicable to the sale shall not
459 apply to any sales transaction wherein a binding sales contract without
460 an escalator clause has been entered into prior to the effective date of
461 the new rate and delivery is made within ninety days after the effective
462 date of the new rate. For the purposes of payment of the tax imposed
463 under this section, any retailer of services taxable under subparagraph
464 (I) of subdivision (2) of subsection (a) of section 12-407, who computes
465 taxable income, for purposes of taxation under the Internal Revenue
466 Code of 1986, or any subsequent corresponding internal revenue code
467 of the United States, as from time to time amended, on an accounting
468 basis which recognizes only cash or other valuable consideration
469 actually received as income and who is liable for such tax only due to
470 the rendering of such services may make payments related to such tax

471 for the period during which such income is received, without penalty
472 or interest, without regard to when such service is rendered.

473 Sec. 9. Subdivision (55) of section 12-412 of the general statutes is
474 repealed and the following is substituted in lieu thereof (*Effective July*
475 *1, 2007, and applicable to sales occurring on and after July 1, 2007*):

476 (55) Sales of [(A) tangible personal property by any funeral
477 establishment performing the primary services in preparation for and
478 the conduct of burial or cremation, provided any such property must
479 be used directly in the performance of such services and the total
480 amount of such exempt sales with respect to any single funeral may
481 not exceed two thousand five hundred dollars, or (B)] caskets used for
482 burial or cremation.

483 Sec. 10. (*Effective from passage*) The state shall apply to become a
484 party to the Streamlined Sales and Use Tax Agreement on or before
485 October 1, 2007. The Commissioner of Revenue Services, in
486 consultation with the joint standing committee of the General
487 Assembly having cognizance of matters relating to finance, revenue
488 and bonding shall take all steps necessary to ensure that the state is in
489 compliance with said agreement.

490 Sec. 11. Subdivision (27) of section 12-412 of the general statutes is
491 repealed and the following is substituted in lieu thereof (*Effective July*
492 *1, 2007, and applicable to sales occurring on or after July 1, 2007*):

493 (27) (A) Sales of any items for fifty cents or less from vending
494 machines; or (B) [sales of food products, as defined in subsection (13)
495 of this section,] notwithstanding the provisions of subdivision (13) of
496 this section, meals sold through coin-operated vending machines or at
497 unattended "honor boxes".

498 Sec. 12. Subsection (b) of section 12-412k of the general statutes is
499 repealed and the following is substituted in lieu thereof (*Effective July*
500 *1, 2007, and applicable to sales occurring on or after July 1, 2007*):

501 (b) Notwithstanding the provisions of the general statutes, from

502 November 25, 2005, to April 1, 2006, and from June 1, 2006, to June 30,
503 [2007] 2010, the provisions of this chapter shall not apply to sales of
504 any residential weatherization products.

505 Sec. 13. Section 12-460a of the general statutes is repealed and the
506 following is substituted in lieu thereof (*Effective July 1, 2007*):

507 (a) Notwithstanding the provisions of section 13b-61, with respect to
508 the fiscal year ending June 30, 2003, the Commissioner of Revenue
509 Services shall deposit into the Conservation Fund established under
510 section 22a-27h₂ two million dollars of the amount of the funds
511 received by the state from the tax imposed under this chapter
512 attributable to sales of fuel from distributors to any boat yard, public
513 or private marina or other entity renting or leasing slips, dry storage,
514 mooring or other space for marine vessels₂ provided (1) two hundred
515 fifty thousand dollars shall be credited to the boating account, and (2)
516 one million dollars shall be credited to the fisheries account₂ of which
517 not less than seventy-five thousand dollars shall be allocated to The
518 University of Connecticut for the Long Island Sound councils.

519 (b) [With] Notwithstanding the provisions of section 13b-61, with
520 respect to fiscal years ending on or after June 30, 2004, but prior to June
521 30, 2008, the Commissioner of Revenue Services shall deposit into the
522 Conservation Fund established under section 22a-27h₂ three million
523 dollars of the amount of the funds received by the state from the tax
524 imposed under this chapter attributable to sales of fuel from
525 distributors to any boat yard, public or private marina or other entity
526 renting or leasing slips, dry storage, mooring or other space for marine
527 vessels₂ provided (1) two hundred fifty thousand dollars shall be
528 credited to the boating account, and (2) two million dollars shall be
529 credited to the fisheries account₂ of which not less than seventy-five
530 thousand dollars shall be allocated to The University of Connecticut
531 for the Long Island Sound councils.

532 (c) Notwithstanding the provisions of section 13b-61, with respect to
533 fiscal years ending on or after June 30, 2008, the Commissioner of
534 Revenue Services shall deposit into the Conservation Fund established

535 under section 22a-27h, three million five hundred thousand dollars of
536 the amount of the funds received by the state from the tax imposed
537 under this chapter attributable to sales of fuel from distributors to any
538 boat yard, public or private marina or other entity renting or leasing
539 slips, dry storage, mooring or other space for marine vessels, provided
540 (1) two hundred ninety-five thousand dollars shall be credited to the
541 boating account, and (2) two million three hundred thirty thousand
542 dollars shall be credited to the fisheries account, of which not less than
543 one hundred twenty-five thousand dollars shall be allocated to The
544 University of Connecticut for the Long Island Sound councils.

545 Sec. 14. Subsection (a) of section 12-494 of the general statutes is
546 repealed and the following is substituted in lieu thereof (*Effective July*
547 *1, 2007*):

548 (a) There is imposed a tax on each deed, instrument or writing,
549 whereby any lands, tenements or other realty is granted, assigned,
550 transferred or otherwise conveyed to, or vested in, the purchaser, or
551 any other person by his direction, when the consideration for the
552 interest or property conveyed equals or exceeds two thousand dollars,
553 (1) subject to the provisions of subsection (b) of this section, at the rate
554 of five-tenths of one per cent of the consideration for the interest in real
555 property conveyed by such deed, instrument or writing, the revenue
556 from which shall be remitted by the town clerk of the municipality in
557 which such tax is paid, not later than ten days following receipt
558 thereof, to the Commissioner of Revenue Services for deposit to the
559 credit of the state General Fund, and (2) at the rate of one-fourth of one
560 per cent of the consideration for the interest in real property conveyed
561 by such deed, instrument or writing, [and on and after July 1, 2007, at
562 the rate of eleven one-hundredths of one per cent of the consideration
563 for the interest in real property conveyed by such deed, instrument or
564 writing,] provided the amount imposed under this subdivision shall
565 become part of the general revenue of the municipality in accordance
566 with section 12-499.

567 Sec. 15. Subsection (a) of section 12-642 of the general statutes is

568 repealed and the following is substituted in lieu thereof (*Effective July*
 569 *1, 2007, and applicable to calendar years commencing on or after January 1,*
 570 *2007*):

571 (a) (1) With respect to calendar years commencing prior to January
 572 1, 2001, the tax imposed by section 12-640 for the calendar year shall be
 573 at a rate of the taxable gifts made by the donor during the calendar
 574 year set forth in the following schedule:

T55	Amount of Taxable Gifts	Rate of Tax
T56	Not over \$25,000	1%
T57	Over \$25,000	\$250, plus 2% of the excess
T58	but not over \$50,000	over \$25,000
T59	Over \$50,000	\$750, plus 3% of the excess
T60	but not over \$75,000	over \$50,000
T61	Over \$75,000	\$1,500, plus 4% of the excess
T62	but not over \$100,000	over \$75,000
T63	Over \$100,000	\$2,500, plus 5% of the excess
T64	but not over \$200,000	over \$100,000
T65	Over \$200,000	\$7,500, plus 6% of the excess
T66		over \$200,000

575 (2) With respect to the calendar years commencing January 1, 2001,
 576 January 1, 2002, January 1, 2003, and January 1, 2004, the tax imposed
 577 by section 12-640 for each such calendar year shall be at a rate of the
 578 taxable gifts made by the donor during the calendar year set forth in
 579 the following schedule:

T67	Amount of Taxable Gifts	Rate of Tax
T68	Over \$25,000	\$250, plus 2% of the excess
T69	but not over \$50,000	over \$25,000
T70	Over \$50,000	\$750, plus 3% of the excess
T71	but not over \$75,000	over \$50,000
T72	Over \$75,000	\$1,500, plus 4% of the excess
T73	but not over \$100,000	over \$75,000
T74	Over \$100,000	\$2,500, plus 5% of the excess

T75	but not over \$675,000	over \$100,000
T76	Over \$675,000	\$31,250, plus 6% of the excess
T77		over \$675,000

580 (3) With respect to Connecticut taxable gifts, as defined in section
 581 12-643, made by a donor during a calendar year commencing on or
 582 after January 1, 2005, but prior to January 1, 2007, including the
 583 aggregate amount of all Connecticut taxable gifts made by the donor
 584 during all calendar years commencing on or after January 1, 2005, but
 585 prior to January 1, 2007, the tax imposed by section 12-640 for the
 586 calendar year shall be at the rate set forth in the following schedule,
 587 with a credit allowed against such tax for any tax previously paid to
 588 this state pursuant to this subdivision:

T78	Amount of Taxable Gifts	Rate of Tax
T79	Not over \$2,000,000	None
T80	Over \$2,000,000	
T81	but not over \$2,100,000	5.085% of the excess over \$0
T82	Over \$2,100,000	\$106,800 plus 8% of the excess
T83	but not over \$2,600,000	over \$2,100,000
T84	Over \$2,600,000	\$146,800 plus 8.8% of the excess
T85	but not over \$3,100,000	over \$2,600,000
T86	Over \$3,100,000	\$190,800 plus 9.6% of the excess
T87	but not over \$3,600,000	over \$3,100,000
T88	Over \$3,600,000	\$238,800 plus 10.4% of the excess
T89	but not over \$4,100,000	over \$3,600,000
T90	Over \$4,100,000	\$290,800 plus 11.2% of the excess
T91	but not over \$5,100,000	over \$4,100,000
T92	Over \$5,100,000	\$402,800 plus 12% of the excess
T93	but not over \$6,100,000	over \$5,100,000
T94	Over \$6,100,000	\$522,800 plus 12.8% of the excess
T95	but not over \$7,100,000	over \$6,100,000

T96	Over \$7,100,000	\$650,800 plus 13.6% of the excess
T97	but not over \$8,100,000	over \$7,100,000
T98	Over \$8,100,000	\$786,800 plus 14.4% of the excess
T99	but not over \$9,100,000	over \$8,100,000
T100	Over \$9,100,000	\$930,800 plus 15.2% of the excess
T101	but not over \$10,100,000	over \$9,100,000
T102	Over \$10,100,000	\$1,082,800 plus 16% of the excess
T103		over \$10,100,000

589 (4) With respect to Connecticut taxable gifts, as defined in section
590 12-643, made by a donor during a calendar year commencing on or
591 after January 1, 2007, including the aggregate amount of all
592 Connecticut taxable gifts made by the donor during all calendar years
593 commencing on or after January 1, 2007, the tax imposed by section 12-
594 640 for the calendar year shall be at the rate set forth in the following
595 schedule, with a credit allowed against such tax for any tax previously
596 paid to this state pursuant to this subdivision:

T104	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T105	<u>Not over \$2,000,000</u>	<u>None</u>
T106	<u>Over \$2,000,000</u>	<u>5.085% of the excess over</u>
T107	<u>but not over \$2,100,000</u>	<u>\$2,000,000</u>
T108	<u>Over \$2,100,000</u>	<u>\$5,100 plus 10.0% of the excess</u>
T109	<u>but not over \$2,600,000</u>	<u>over \$2,100,000</u>
T110	<u>Over \$2,600,000</u>	<u>\$55,100 plus 11.0% of the excess</u>
T111	<u>but not over \$3,100,000</u>	<u>over \$2,600,000</u>
T112	<u>Over \$3,100,000</u>	<u>\$110,100 plus 12.0% of the excess</u>
T113	<u>but not over \$3,600,000</u>	<u>over \$3,100,000</u>
T114	<u>Over \$3,600,000</u>	<u>\$170,100 plus 13.0% of the excess</u>
T115	<u>but not over \$4,100,000</u>	<u>over \$3,600,000</u>
T116	<u>Over \$4,100,000</u>	<u>\$235,100 plus 14.0% of the excess</u>
T117	<u>but not over \$5,100,000</u>	<u>over \$4,100,000</u>

T118	<u>Over \$5,100,000</u>	<u>\$375,100 plus 15.0% of the excess</u>
T119	<u>but not over \$6,100,000</u>	<u>over \$5,100,000</u>
T120	<u>Over \$6,100,000</u>	<u>\$525,100 plus 16.0% of the excess</u>
T121	<u>but not over \$7,100,000</u>	<u>over \$6,100,000</u>
T122	<u>Over \$7,100,000</u>	<u>\$685,100 plus 17.0% of the excess</u>
T123	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T124	<u>Over \$8,100,000</u>	<u>\$855,100 plus 18.0% of the excess</u>
T125	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T126	<u>Over \$9,100,000</u>	<u>\$1,035,000 plus 19.0% of the excess</u>
T127	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T128	<u>Over \$10,100,000</u>	<u>\$1,225,100 plus 20.0% of the excess</u>
T129		<u>over \$10,100,000</u>

597 Sec. 16. Subsection (a) of section 12-700 of the general statutes is
 598 repealed and the following is substituted in lieu thereof (*Effective July*
 599 *1, 2007, and applicable to taxable years commencing on or after January 1,*
 600 *2007*):

601 (a) There is hereby imposed on the Connecticut taxable income of
 602 each resident of this state a tax:

603 (1) At the rate of four and one-half per cent of such Connecticut
 604 taxable income for taxable years commencing on or after January 1,
 605 1992, and prior to January 1, 1996.

606 (2) For taxable years commencing on or after January 1, 1996, but
 607 prior to January 1, 1997, in accordance with the following schedule:

608 (A) For any person who files a return under the federal income tax
 609 for such taxable year as an unmarried individual or as a married
 610 individual filing separately:

T130	Connecticut Taxable Income	Rate of Tax
T131	Not over \$2,250	3.0%
T132	Over \$2,250	\$67.50, plus 4.5% of the

T133 excess over \$2,250

611 (B) For any person who files a return under the federal income tax
 612 for such taxable year as a head of household, as defined in Section 2(b)
 613 of the Internal Revenue Code:

T134	Connecticut Taxable Income	Rate of Tax
T135	Not over \$3,500	3.0%
T136	Over \$3,500	\$105.00, plus 4.5% of the
T137		excess over \$3,500

614 (C) For any husband and wife who file a return under the federal
 615 income tax for such taxable year as married individuals filing jointly or
 616 a person who files a return under the federal income tax as a surviving
 617 spouse, as defined in Section 2(a) of the Internal Revenue Code:

T138	Connecticut Taxable Income	Rate of Tax
T139	Not over \$4,500	3.0%
T140	Over \$4,500	\$135.00, plus 4.5% of the
T141		excess over \$4,500

618 (D) For trusts or estates, the rate of tax shall be 4.5% of their
 619 Connecticut taxable income.

620 (3) For taxable years commencing on or after January 1, 1997, but
 621 prior to January 1, 1998, in accordance with the following schedule:

622 (A) For any person who files a return under the federal income tax
 623 for such taxable year as an unmarried individual or as a married
 624 individual filing separately:

T142	Connecticut Taxable Income	Rate of Tax
T143	Not over \$6,250	3.0%
T144	Over \$6,250	\$187.50, plus 4.5% of the
T145		excess over \$6,250

625 (B) For any person who files a return under the federal income tax

626 for such taxable year as a head of household, as defined in Section 2(b)
627 of the Internal Revenue Code:

T146	Connecticut Taxable Income	Rate of Tax
T147	Not over \$10,000	3.0%
T148	Over \$10,000	\$300.00, plus 4.5% of the
T149		excess over \$10,000

628 (C) For any husband and wife who file a return under the federal
629 income tax for such taxable year as married individuals filing jointly or
630 any person who files a return under the federal income tax for such
631 taxable year as a surviving spouse, as defined in Section 2(a) of the
632 Internal Revenue Code:

T150	Connecticut Taxable Income	Rate of Tax
T151	Not over \$12,500	3.0%
T152	Over \$12,500	\$375.00, plus 4.5% of the
T153		excess over \$12,500

633 (D) For trusts or estates, the rate of tax shall be 4.5% of their
634 Connecticut taxable income.

635 (4) For taxable years commencing on or after January 1, 1998, but
636 prior to January 1, 1999, in accordance with the following schedule:

637 (A) For any person who files a return under the federal income tax
638 for such taxable year as an unmarried individual or as a married
639 individual filing separately:

T154	Connecticut Taxable Income	Rate of Tax
T155	Not over \$7,500	3.0%
T156	Over \$7,500	\$225.00, plus 4.5% of the
T157		excess over \$7,500

640 (B) For any person who files a return under the federal income tax
641 for such taxable year as a head of household, as defined in Section 2(b)

642 of the Internal Revenue Code:

T158	Connecticut Taxable Income	Rate of Tax
T159	Not over \$12,000	3.0%
T160	Over \$12,000	\$360.00, plus 4.5% of the
T161		excess over \$12,000

643 (C) For any husband and wife who file a return under the federal
 644 income tax for such taxable year as married individuals filing jointly or
 645 any person who files a return under the federal income tax for such
 646 taxable year as a surviving spouse, as defined in Section 2(a) of the
 647 Internal Revenue Code:

T162	Connecticut Taxable Income	Rate of Tax
T163	Not over \$15,000	3.0%
T164	Over \$15,000	\$450.00, plus 4.5% of the
T165		excess over \$15,000

648 (D) For trusts or estates, the rate of tax shall be 4.5% of their
 649 Connecticut taxable income.

650 (5) For taxable years commencing on or after January 1, 1999, but
 651 prior to January 1, 2003, in accordance with the following schedule:

652 (A) For any person who files a return under the federal income tax
 653 for such taxable year as an unmarried individual or as a married
 654 individual filing separately:

T166	Connecticut Taxable Income	Rate of Tax
T167	Not over \$10,000	3.0%
T168	Over \$10,000	\$300.00, plus 4.5% of the
T169		excess over \$10,000

655 (B) For any person who files a return under the federal income tax
 656 for such taxable year as a head of household, as defined in Section 2(b)
 657 of the Internal Revenue Code:

T170	Connecticut Taxable Income	Rate of Tax
T171	Not over \$16,000	3.0%
T172	Over \$16,000	\$480.00, plus 4.5% of the
T173		excess over \$16,000

658 (C) For any husband and wife who file a return under the federal
 659 income tax for such taxable year as married individuals filing jointly or
 660 any person who files a return under the federal income tax for such
 661 taxable year as a surviving spouse, as defined in Section 2(a) of the
 662 Internal Revenue Code:

T174	Connecticut Taxable Income	Rate of Tax
T175	Not over \$20,000	3.0%
T176	Over \$20,000	\$600.00, plus 4.5% of the
T177		excess over \$20,000

663 (D) For trusts or estates, the rate of tax shall be 4.5% of their
 664 Connecticut taxable income.

665 (6) For taxable years commencing on or after January 1, 2003, but
 666 prior to January 1, 2007, in accordance with the following schedule:

667 (A) For any person who files a return under the federal income tax
 668 for such taxable year as an unmarried individual or as a married
 669 individual filing separately:

T178	Connecticut Taxable Income	Rate of Tax
T179	Not over \$10,000	3.0%
T180	Over \$10,000	\$300.00, plus 5.0% of the
T181		excess over \$10,000

670 (B) For any person who files a return under the federal income tax
 671 for such taxable year as a head of household, as defined in Section 2(b)
 672 of the Internal Revenue Code:

T182	Connecticut Taxable Income	Rate of Tax
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T183	Not over \$16,000	3.0%
T184	Over \$16,000	\$480.00, plus 5.0% of the
T185		excess over \$16,000

673 (C) For any husband and wife who file a return under the federal
 674 income tax for such taxable year as married individuals filing jointly or
 675 any person who files a return under the federal income tax for such
 676 taxable year as a surviving spouse, as defined in Section 2(a) of the
 677 Internal Revenue Code:

T186	Connecticut Taxable Income	Rate of Tax
T187	Not over \$20,000	3.0%
T188	Over \$20,000	\$600.00, plus 5.0% of the
T189		excess over \$20,000

678 (D) For trusts or estates, the rate of tax shall be 5.0% of the
 679 Connecticut taxable income.

680 (7) For taxable years commencing on or after January 1, 2007, but
 681 prior to January 1, 2008, in accordance with the following schedule:

682 (A) For any person who files a return under the federal income tax
 683 for such taxable year as an unmarried individual:

T190	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T191	<u>Not over \$10,000</u>	<u>3.0%</u>
T192	<u>Over \$10,000</u>	<u>\$300.00, plus 4.875% of the excess</u>
T193	<u>but not over \$53,125</u>	<u>over \$10,000</u>
T194	<u>Over \$53,125</u>	<u>\$2,402.34, plus 5.00% of the excess</u>
T195	<u>but not over \$79,700</u>	<u>over \$53,125</u>
T196	<u>Over \$79,700</u>	<u>\$3,731.09, plus 5.25% of the excess</u>
T197	<u>but not over \$106,250</u>	<u>over \$79,700</u>
T198	<u>Over \$106,250</u>	<u>\$5,124.97, plus 5.80% of the excess</u>
T199	<u>but not over \$132,800</u>	<u>over \$106,250</u>
T200	<u>Over \$132,800</u>	<u>\$6,664.87, plus 6.15% of the excess</u>
T201		<u>Over \$132,800</u>

684 (B) For any person who files a return under the federal income tax
 685 for such taxable year as a head of household, as defined in Section 2(b)
 686 of the Internal Revenue Code:

T202	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T203	<u>Not over \$16,000</u>	<u>3.0%</u>
T204	<u>Over \$16,000</u>	<u>\$480.00, plus 4.875% of the excess</u>
T205	<u>but not over \$80,000</u>	<u>over \$16,000</u>
T206	<u>Over \$80,000</u>	<u>\$3,600.00, plus 5.00% of the excess</u>
T207	<u>but not over \$120,000</u>	<u>over \$80,000</u>
T208	<u>Over \$120,000</u>	<u>\$5,600.00, plus 5.25% of the excess</u>
T209	<u>but not over \$160,000</u>	<u>over \$120,000</u>
T210	<u>Over \$160,000</u>	<u>\$7,700.00, plus 5.80% of the excess</u>
T211	<u>but not over \$200,000</u>	<u>over \$160,000</u>
T212	<u>Over \$200,000</u>	<u>\$10,020.00, plus 6.15% of the excess</u>
T213		<u>over \$200,000</u>

687 (C) For any husband and wife who file a return under the federal
 688 income tax for such taxable year as married individuals filing jointly or
 689 any person who files a return under the federal income tax for such
 690 taxable year as a surviving spouse, as defined in Section 2(a) of the
 691 Internal Revenue Code:

T214	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T215	<u>Not over \$20,000</u>	<u>3.0%</u>
T216	<u>Over \$20,000</u>	<u>\$600.00, plus 4.875% of the excess</u>
T217	<u>but not over \$100,000</u>	<u>over \$20,000</u>
T218	<u>Over \$100,000</u>	<u>\$4,500.00, plus 5.00% of the excess</u>
T219	<u>but not over \$150,000</u>	<u>over \$100,000</u>
T220	<u>Over \$150,000</u>	<u>\$7,000.00, plus 5.25% of the excess</u>
T221	<u>but not over \$200,000</u>	<u>over \$150,000</u>
T222	<u>Over \$200,000</u>	<u>\$9,625.00, plus 5.80% of the excess</u>
T223	<u>but not over \$250,000</u>	<u>over \$200,000</u>
T224	<u>Over \$250,000</u>	<u>\$12,525.00, plus 6.15% of the excess</u>

T225 over \$250,000

692 (D) For any person who files a return under the federal income tax
 693 for such taxable year as a married individual filing separately:

T226	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T227	<u>Not over \$10,000</u>	<u>3.0%</u>
T228	<u>Over \$10,000</u>	<u>\$300.00, plus 4.875% of the excess</u>
T229	<u>but not over \$50,000</u>	<u>over \$10,000</u>
T230	<u>Over \$50,000</u>	<u>\$2,250.00, plus 5.00% of the excess</u>
T231	<u>but not over \$75,000</u>	<u>over \$50,000</u>
T232	<u>Over \$75,000</u>	<u>\$3,500.00, plus 5.25% of the excess</u>
T233	<u>but not over \$100,000</u>	<u>over \$75,000</u>
T234	<u>Over \$100,000</u>	<u>\$4,812.50, plus 5.80% of the excess</u>
T235	<u>but not over \$125,000</u>	<u>over \$100,000</u>
T236	<u>Over \$125,000</u>	<u>\$6,262.50, plus 6.15% of the excess</u>
T237		<u>over \$125,000</u>

694 (E) For trusts or estates, the rate of tax shall be 6.15% of the
 695 Connecticut taxable income.

696 (8) For taxable years commencing on or after January 1, 2008, in
 697 accordance with the following schedule:

698 (A) For any person who files a return under the federal income tax
 699 for such taxable year as an unmarried individual:

T238	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T239	<u>Not over \$10,000</u>	<u>3.0%</u>
T240	<u>Over \$10,000</u>	<u>\$300.00, plus 4.75% of the excess</u>
T241	<u>but not over \$53,125</u>	<u>over \$10,000</u>
T242	<u>Over \$53,125</u>	<u>\$2,348.44, plus 5.00% of the excess</u>
T243	<u>but not over \$79,700</u>	<u>over \$53,125</u>
T244	<u>Over \$79,700</u>	<u>\$3,677.19, plus 5.50% of the excess</u>
T245	<u>but not over \$106,250</u>	<u>over \$79,700</u>
T246	<u>Over \$106,250</u>	<u>\$5,137.44, plus 6.25% of the excess</u>

T247	<u>but not over \$132,800</u>	<u>over \$106,250</u>
T248	<u>Over \$132,800</u>	<u>\$6,796.81, plus 6.95% of the excess</u>
T249		<u>over \$132,800</u>

700 (B) For any person who files a return under the federal income tax
 701 for such taxable year as a head of household, as defined in Section 2(b)
 702 of the Internal Revenue Code:

T250	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T251	<u>Not over \$16,000</u>	<u>3.0%</u>
T252	<u>Over \$16,000</u>	<u>\$480.00, plus 4.75% of the excess</u>
T253	<u>but not over \$80,000</u>	<u>over \$16,000</u>
T254	<u>Over \$80,000</u>	<u>\$3,520.00, plus 5.00% of the excess</u>
T255	<u>but not over \$120,000</u>	<u>over \$80,000</u>
T256	<u>Over \$120,000</u>	<u>\$5,520.00, plus 5.50% of the excess</u>
T257	<u>but not over \$160,000</u>	<u>over \$120,000</u>
T258	<u>Over \$160,000</u>	<u>\$7,720.00, plus 6.25% of the excess</u>
T259	<u>but not over \$200,000</u>	<u>over \$160,000</u>
T260	<u>Over \$200,000</u>	<u>\$10,220.00, plus 6.95% of the excess</u>
T261		<u>over \$200,000</u>

703 (C) For any husband and wife who file a return under the federal
 704 income tax for such taxable year as married individuals filing jointly or
 705 any person who files a return under the federal income tax for such
 706 taxable year as a surviving spouse, as defined in Section 2(a) of the
 707 Internal Revenue Code:

T262	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T263	<u>Not over \$20,000</u>	<u>3.0%</u>
T264	<u>Over \$20,000</u>	<u>\$600.00, plus 4.75% of the excess</u>
T265	<u>but not over \$100,000</u>	<u>over \$20,000</u>
T266	<u>Over \$100,000</u>	<u>\$4,400.00, plus 5.00% of the excess</u>
T267	<u>but not over \$150,000</u>	<u>over \$100,000</u>
T268	<u>Over \$150,000</u>	<u>\$6,900.00, plus 5.25% of the excess</u>
T269	<u>but not over \$200,000</u>	<u>over \$150,000</u>

T270	<u>Over \$200,000</u>	<u>\$9,650.00, plus 6.25% of the excess</u>
T271	<u>but not over \$250,000</u>	<u>over \$200,000</u>
T272	<u>Over \$250,000</u>	<u>\$12,775.00, plus 6.95% of the excess</u>
T273		<u>over \$250,000</u>

708 (D) For any person who files a return under the federal income tax
 709 for such taxable year as a married person filing separately:

T274	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T275	<u>Not over \$10,000</u>	<u>3.0%</u>
T276	<u>Over \$10,000</u>	<u>\$300.00, plus 4.75% of the excess</u>
T277	<u>but not over \$50,000</u>	<u>over \$10,000</u>
T278	<u>Over \$50,000</u>	<u>\$2,200.00, plus 5.00% of the excess</u>
T279	<u>but not over \$75,000</u>	<u>over \$50,000</u>
T280	<u>Over \$75,000</u>	<u>\$3,450.00, plus 5.25% of the excess</u>
T281	<u>but not over \$100,000</u>	<u>over \$75,000</u>
T282	<u>Over \$100,000</u>	<u>\$4,825.00, plus 6.25% of the excess</u>
T283	<u>but not over \$125,000</u>	<u>over \$100,000</u>
T284	<u>Over \$125,000</u>	<u>\$6,387.50, plus 6.95% of the excess</u>
T285		<u>over \$125,000</u>

710 (E) For trusts or estates, the rate of tax shall be 6.95% of the
 711 Connecticut taxable income.

712 [(7)] (9) The provisions of this subsection shall apply to resident
 713 trusts and estates and, wherever reference is made in this subsection to
 714 residents of this state, such reference shall be construed to include
 715 resident trusts and estates, provided any reference to a resident's
 716 Connecticut adjusted gross income derived from sources without this
 717 state or to a resident's Connecticut adjusted gross income shall be
 718 construed, in the case of a resident trust or estate, to mean the resident
 719 trust or estate's Connecticut taxable income derived from sources
 720 without this state and the resident trust or estate's Connecticut taxable
 721 income, respectively.

722 Sec. 17. (Effective July 1, 2007) The Commissioner of Revenue

723 Services shall, pursuant to chapter 229 of the general statutes, issue
724 new withholding tax tables, effective July 1, 2007.

725 Sec. 18. Subsection (b) of section 12-704c of the general statutes is
726 repealed and the following is substituted in lieu thereof (*Effective July*
727 *1, 2007, and applicable to taxable years commencing on or after January 1,*
728 *2007*):

729 (b) The credit allowed under this section shall not exceed two
730 hundred fifteen dollars for the taxable year commencing on or after
731 January 1, 1997, and prior to January 1, 1998; for taxable years
732 commencing on or after January 1, 1998, but prior to January 1, 1999,
733 three hundred fifty dollars; for taxable years commencing on or after
734 January 1, 1999, but prior to January 1, 2000, four hundred twenty-five
735 dollars; for taxable years commencing on or after January 1, 2000, but
736 prior to January 1, 2003, five hundred dollars; for taxable years
737 commencing on or after January 1, 2003, three hundred fifty dollars;
738 for taxable years commencing on or after January 1, 2005, but prior to
739 January 1, 2006, three hundred fifty dollars; [and] for taxable years
740 commencing on or after January 1, 2006, but prior to January 1, 2007,
741 five hundred dollars; and for taxable years commencing on or after
742 January 1, 2007, one thousand dollars. In the case of any husband and
743 wife who file a return under the federal income tax for such taxable
744 year as married individuals filing a joint return, the credit allowed, in
745 the aggregate, shall not exceed such amounts for each such taxable
746 year.

747 Sec. 19. (NEW) (*Effective July 1, 2007, and applicable to taxable years*
748 *commencing on or after January 1, 2007*) Any person who qualifies for and
749 claims the earned income credit allowable under Section 32 of the
750 Internal Revenue Code of 1986, or any subsequent corresponding
751 internal revenue code of the United States, as from time to time
752 amended, for any taxable year shall be entitled to a credit in determining
753 the amount of tax liability under chapter 229 of the general statutes for
754 such taxable year. The credit allowed under this section shall equal
755 twenty per cent of the credit allowed under Section 32 of said Internal

756 Revenue Code for the taxable year. If the amount of the credit allowed
757 under this section exceeds the taxpayer's liability, the Commissioner of
758 Revenue Services shall treat such excess as an overpayment and shall
759 pay the taxpayer the amount of such excess, without interest.

760 Sec. 20. Section 29-112 of the general statutes is repealed and the
761 following is substituted in lieu thereof (*Effective July 1, 2007*):

762 The following fees shall be collected by the commissioner and by
763 him paid to the State Treasurer: For inspection and annual approval of
764 any premises or place where moving picture films are used or
765 exhibited, [thirty-five] fifty dollars; for inspection and approval of any
766 projection room or area as defined in regulations adopted under
767 section 29-109, [ten] twenty-five dollars; for inspection of any other
768 building or plan of building, incident to the administration of section
769 29-109, [ten] twenty-five dollars. Permits and approvals issued under
770 the provisions of said sections may be for definite dates only, but,
771 unless otherwise specified, shall cover the premises described from
772 date of issue until the first day of February next following.

773 Sec. 21. Section 29-117 of the general statutes is repealed and the
774 following is substituted in lieu thereof (*Effective July 1, 2007*):

775 No person shall exhibit, show or use any moving picture film, reel
776 or view in any place to which an admission fee is charged, except in a
777 church, parish house, school or other building of a religious,
778 ecclesiastical or educational organization in furtherance of its
779 purposes, without a license for such purpose issued by the
780 Commissioner of Public Safety. The commissioner, after investigation,
781 shall issue the license required herein to any person found by him to
782 be a suitable person, provided he shall have received a written
783 application therefor, which application shall describe the location of
784 the place and shall give its seating capacity and such other information
785 as the commissioner requires. Such license shall be effective until
786 September first next following its issuance, unless suspended or
787 revoked for cause, and the applicant shall pay for the same and for
788 each renewal thereof the sum of [thirty-five] fifty dollars. When any

789 person so licensed exhibits, shows or uses or permits to be exhibited,
790 shown or used in any place described in such license any moving
791 picture film, title, subtitle or part thereof, reel or view of an immoral,
792 degrading or criminal character, or which is unlawful under the
793 provisions of section 53a-194 or 53a-196, the commissioner may, upon
794 complaint or upon his own motion, suspend or revoke the license of
795 such person. No license shall be granted to any person to whom two of
796 the licenses issued have been either suspended or revoked. Any
797 person, or the officer of any corporation, violating any provision of this
798 section shall be fined not more than one thousand dollars or
799 imprisoned not more than one year or both.

800 Sec. 22. Section 29-130 of the general statutes is repealed and the
801 following is substituted in lieu thereof (*Effective July 1, 2007*):

802 The Commissioner of Public Safety shall prescribe a form of
803 application to be signed by each applicant and may require such
804 information respecting the business in which the applicant proposes to
805 engage as he finds necessary to safeguard the public from all forms of
806 lascivious conduct, immoral practices, vice or violations of the law.
807 Said commissioner or any employee of the Department of Public
808 Safety authorized by him for said purpose may enter into any place so
809 licensed or upon the premises where such business is being conducted
810 for the purpose of observing the conduct of the same. Said
811 commissioner shall issue to each applicant so licensed a certificate to
812 be designated "amusement park license", and each certificate shall state
813 the name of the applicant, the location of the place where such
814 amusement, entertainment, diversion or recreation may be conducted
815 and the hours each day during which the same may be conducted.
816 Each certificate shall be displayed conspicuously for public view by
817 the licensee at the place where the business so licensed is conducted.
818 Any such license may be suspended or revoked by said commissioner
819 whenever it appears that any of the conditions required to be stated in
820 such license have been violated. Such applications and license
821 certificates shall be printed at the expense of the state. The annual
822 license fee shall be [thirty-five] fifty dollars to be paid by the applicant

823 to the Commissioner of Public Safety with each application for such
824 license. Such licenses shall not be transferable and, if any licensee
825 voluntarily discontinues operations thereunder, all rights secured
826 thereby shall terminate. On and after January 1, 1986, the license year
827 shall be from January first until December thirty-first following,
828 inclusive. Each such license shall be for a period of one license year.

829 Sec. 23. Section 29-134 of the general statutes is repealed and the
830 following is substituted in lieu thereof (*Effective July 1, 2007*):

831 No owner shall exhibit or provide any amusement, as defined in
832 section 29-133, in this state unless he has obtained a license therefor as
833 hereinafter provided and otherwise complies with the provisions of
834 sections 29-133 to 29-142, inclusive. An annual license fee of [fifty] one
835 hundred dollars shall be paid by the applicant to the Commissioner of
836 Public Safety with each application for such amusement license.

837 Sec. 24. Section 29-193 of the general statutes is repealed and the
838 following is substituted in lieu thereof (*Effective July 1, 2007*):

839 No new elevator or escalator shall be erected or installed and no
840 elevator or escalator shall be relocated or altered until detailed plans
841 and specifications of the proposed construction or other work have
842 been submitted in triplicate to the department for approval. A fee of
843 [one hundred fifty] two hundred dollars for each elevator or escalator
844 payable to the department shall accompany each such proposal. Notice
845 that such plans are approved or disapproved shall be given within a
846 reasonable time and final inspection of the elevator or escalator, when
847 installed, relocated or altered, shall be made before final approval for
848 operation is given by the department. The department may issue a
849 temporary operating permit, if necessary, pending final inspection and
850 approval. The provisions of this chapter shall not prevent the
851 operation of any elevator installed for temporary use in connection
852 with building operations or the operation of any elevator for purposes
853 connected with the installation or the testing of the same.

854 Sec. 25. Section 29-196 of the general statutes is repealed and the

855 following is substituted in lieu thereof (*Effective July 1, 2007*):

856 As soon as the department approves any new, relocated or altered
857 elevator or escalator as being fit for operation, it shall issue to the
858 owner a certificate of operation for a capacity and speed specified in
859 the inspector's report. The fee for the certificate first issued shall be
860 [one hundred fifty] two hundred dollars. Such certificate shall be
861 posted conspicuously in the car or cage or on the platform of the
862 elevator or escalator and shall be valid for twelve months. Thereafter,
863 the certificate shall be renewed [each year] every two years upon
864 receipt of the renewal fee of [forty] one hundred twenty dollars, except
865 that private residence elevators, as defined in the regulations adopted
866 pursuant to section 29-192, shall not be subject to said renewal
867 requirement. No fee shall be required of the state or any agency of the
868 state. No elevator or escalator may be lawfully operated without such
869 certificate.

870 Sec. 26. Section 29-204 of the general statutes is repealed and the
871 following is substituted in lieu thereof (*Effective July 1, 2007*):

872 No new passenger tramway shall be erected or installed and no
873 passenger tramway shall be relocated or altered until detailed plans
874 and specifications of the proposed construction or other work have
875 been submitted in duplicate to the department for approval. A fee of
876 [one] two hundred dollars payable to the Department of Public Safety
877 shall accompany each such proposal. Notice that such plans are
878 approved or disapproved shall be given within a reasonable time, and
879 final inspection of the passenger tramway, when installed, relocated or
880 altered, shall be made before final approval for operating is given by
881 the department.

882 Sec. 27. Section 29-206 of the general statutes is repealed and the
883 following is substituted in lieu thereof (*Effective July 1, 2007*):

884 The department shall enforce the regulations adopted pursuant to
885 section 29-203, and shall inspect the construction, operation and
886 maintenance of passenger tramways to determine whether such

887 regulations have been complied with by the operators. Each passenger
888 tramway shall be thoroughly inspected by a qualified inspector
889 approved by the department at least once every twelve months. More
890 frequent inspections of any passenger tramway may be made if the
891 condition thereof indicates that additional inspections are necessary or
892 desirable. As soon as the department inspects and approves any
893 passenger tramway as being fit for operation, it shall issue to the
894 operator, upon receipt of a fee of [one hundred fifty] two hundred
895 dollars, a certificate of operation with such conditions and limitations
896 as the commissioner shall prescribe. Such certificate shall be valid for
897 twelve months and shall be renewed yearly, if the department
898 approves the passenger tramway, upon payment of a renewal fee of
899 [eighty] one hundred dollars. No passenger tramway may be operated
900 without such operating certificate.

901 Sec. 28. Section 29-237 of the general statutes is repealed and the
902 following is substituted in lieu thereof (*Effective July 1, 2007*):

903 All boilers included under this chapter shall be inspected by a state
904 boiler inspector or by a special inspector employed by an insurance
905 company licensed to insure boilers in this state as follows:

906 (1) Power boilers, meaning boilers operating at steam or vapor
907 pressures in excess of fifteen pounds per square inch gauge, except
908 power boilers that operate with internal water treatment under the
909 direct supervision of a qualified engineer, shall be inspected each year.
910 Such boiler inspection shall consist of (A) a thorough internal and
911 external inspection while not under pressure, and (B) an external
912 inspection under operating conditions not more than six months after
913 the internal and external inspection. No more than fourteen months
914 shall elapse between internal inspections and between external
915 inspections while under pressure.

916 (2) Power boilers that operate with internal water treatment under
917 the direct supervision of a qualified engineer shall be inspected every
918 eighteen months. Such boiler inspection shall consist of (A) a thorough
919 internal and external inspection while not under pressure, and (B) an

920 external inspection under operating conditions not more than nine
921 months after the internal and external inspection.

922 (3) Where construction will permit, low pressure steam or vapor
923 heating boilers, hot water heating boilers, hot water supply boilers and
924 hot water heaters shall be inspected externally biennially and
925 internally at the discretion of the boiler inspector. If a boiler inspector
926 decides a hydrostatic test is necessary to determine the safety of a
927 boiler or heater, such test shall be made under the inspector's direction.
928 The Commissioner of Public Safety may order inspections by the
929 Department of Public Safety or the insurance carrier in addition to the
930 regular annual or biennial inspections to clear up any doubts as to the
931 safety of continuing the operation of any boiler or heater included in
932 this chapter, [but no additional fee shall be charged or allowed for
933 such additional inspections, unless the owner or user is found to have
934 operated or ordered or permitted the operation of such boiler or
935 heater, intentionally or negligently, in violation of this chapter or the
936 boiler regulations.] Each boiler insurance carrier shall forward to the
937 commissioner, [within] not later than thirty days [following] after each
938 inspection as required by this chapter, a report of such inspection upon
939 appropriate forms as promulgated by the commissioner, who may use
940 the form suggested by the American Society of Mechanical Engineers.

941 Sec. 29. Section 29-238 of the general statutes is repealed and the
942 following is substituted in lieu thereof (*Effective July 1, 2007*):

943 [The owner or user of a boiler required by this chapter to be
944 inspected by the Commissioner of Public Safety or by state boiler
945 inspectors shall pay to the commissioner at the time of inspection a fee
946 as follows:

947 (1) Boilers of fifty square feet or less of heating surface, thirty
948 dollars; boilers of over fifty square feet of heating surface and less than
949 one thousand square feet, forty dollars; boilers of over one thousand
950 square feet of heating surface and less than four thousand square feet,
951 sixty dollars; boilers of at least four thousand square feet of heating
952 surface and less than ten thousand square feet of heating surface,

953 eighty dollars; boilers of at least ten thousand square feet of heating
954 surface, one hundred dollars. External inspection: Boilers having fifty
955 square feet or less of heating surface, twenty dollars; boilers having
956 over fifty square feet of heating surface, twenty-five dollars. Not more
957 than the equivalent of the internal and external inspection fees shall be
958 charged or collected for any and all such inspections of any boiler in
959 any one year.

960 (2) Inspection of heating boilers without a manhole, thirty dollars;
961 inspection of heating boilers with a manhole, fifty dollars; inspection of
962 hot water supply boilers and hot water heaters, thirty dollars. Not
963 more than one fee shall be charged or collected for any and all such
964 inspections of any low pressure boiler in any two-year period.

965 (3) An additional fee based on the scale of fees applicable to an
966 internal inspection of the boiler shall be charged in any instance where
967 it is necessary to make a special trip to witness a hydrostatic test.]

968 The owner or user of a boiler required by this chapter to be
969 inspected by the Commissioner of Public Safety, state boiler inspectors
970 or special inspectors shall pay to the commissioner the sum of forty
971 dollars for each operating certificate issued. No fee shall be required of
972 the state or any agency of the state. All fees collected by the
973 commissioner under authority of this chapter shall be transferred by
974 the commissioner to the State Treasurer for deposit in the General
975 Fund. If the report of inspection by the Department of Public Safety
976 inspector or special inspector indicates that any boiler meets the
977 requirements of this chapter and the boiler regulations, an operating
978 certificate shall be issued by the commissioner to the owner or user.
979 Such certificate shall state the pressure and other conditions under
980 which such boiler may be lawfully operated. An operating certificate
981 shall be valid for a period of not more than twelve months from the
982 date of internal inspection, in the case of power boilers inspected
983 pursuant to subdivision (1) of section 29-237, except that the certificate
984 shall be valid for a period of not more than two months beyond the
985 period set by the Commissioner of Public Safety in accordance with

986 section 29-237. An operating certificate shall be valid for a period of
987 not more than eighteen months from the date of internal inspection in
988 the case of power boilers inspected pursuant to subdivision (2) of
989 section 29-237. Operating certificates shall be valid for twenty-four
990 months in the case of low pressure steam or vapor heating boilers, hot
991 water heating boilers, hot water supply boilers and hot water heaters
992 approved by a nationally recognized testing agency. If a boiler
993 inspected by a state boiler inspector or special inspector commissioned
994 by said commissioner is found to conform with the requirements of
995 this chapter and the boiler regulations, an operating certificate shall be
996 issued by said commissioner to the owner or user upon the receipt of
997 the insuring company's report or the state boiler inspector's report.
998 [and such owner or user shall be exempt from the inspection fees
999 provided by this section, except that for each certificate so issued the
1000 owner or user of the boiler shall pay to said commissioner the sum of
1001 twenty dollars.] Said commissioner may order reinspection if
1002 reasonable doubt exists regarding any inspection. Such certificate shall
1003 state the pressure and other conditions under which such boiler may
1004 be lawfully operated and shall be valid not more than the period
1005 indicated in this section and shall be renewed each year in the case of
1006 power boilers inspected pursuant to subdivision (1) of section 29-237,
1007 every eighteen months in the case of power boilers inspected pursuant
1008 to subdivision (2) of section 29-237, and biennially in the case of hot
1009 water heating or hot water supply boilers and hot water heaters. An
1010 operating certificate shall be immediately invalid if the boiler is
1011 relocated or altered, unless such relocation or alteration has been
1012 approved in accordance with this chapter or the boiler code and
1013 regulations. No boiler shall be operated unless a valid operating
1014 certificate is displayed under glass in a conspicuous place in the room
1015 in which such boiler is located. If the boiler is not located within the
1016 building, the certificate shall be posted in a location convenient to the
1017 boiler inspected. In the case of a portable boiler such certificate shall be
1018 kept in a metal container to be fastened to the boiler or kept in a tool
1019 box accompanying the boiler.

1020 Sec. 30. Section 29-349 of the general statutes is repealed and the

1021 following is substituted in lieu thereof (*Effective July 1, 2007*):

1022 (a) The Commissioner of Public Safety shall have exclusive
1023 jurisdiction in the preparation of and may enforce reasonable
1024 regulations for the safe and convenient storage, transportation and use
1025 of explosives and blasting agents used in connection therewith, which
1026 regulations shall deal in particular with the quantity and character of
1027 explosives and blasting agents to be stored, transported and used, the
1028 proximity of such storage to inhabited dwellings or other occupied
1029 buildings, public highways and railroad tracks, the character and
1030 construction of suitable magazines for such storage, protective
1031 measures to secure such stored explosives and blasting agents and the
1032 abatement of any hazard that may arise incident to the storage,
1033 transportation or use of such explosives and blasting agents.

1034 (b) No person, firm or corporation shall engage in any activity
1035 concerning the storage, transportation or use of explosives unless such
1036 person, firm or corporation has obtained a license therefor from the
1037 Commissioner of Public Safety. Such license shall be issued upon
1038 payment of a fee of [fifty] one hundred dollars and upon submission
1039 by the applicant of evidence of good moral character and of
1040 competence in the control and handling of explosives, provided, if
1041 such license is for the use of explosives, it may be issued only to an
1042 individual person after demonstration that such individual is
1043 technically qualified to detonate explosives. Any such license to use
1044 explosives shall bear both the fingerprints of the licensee obtained by
1045 the Commissioner of Public Safety at the time of licensing, and the
1046 licensee's photograph, furnished by the licensee, of a size specified by
1047 the commissioner and taken not more than one year prior to the
1048 issuance of the license. Each such license shall be valid for one year
1049 from the date of its issuance, unless sooner revoked or suspended, and
1050 may be renewed annually thereafter upon a payment of [thirty]
1051 seventy-five dollars.

1052 (c) The Commissioner of Public Safety shall require any applicant
1053 for a license under this section to submit to state and national criminal

1054 history records checks. The criminal history records checks required
1055 pursuant to this subsection shall be conducted in accordance with
1056 section 29-17a.

1057 (d) No person shall manufacture, keep, store, sell or deal in any
1058 explosives unless such person has a valid license under the provisions
1059 of subsection (b) of this section and obtains from the Commissioner of
1060 Public Safety or from the fire marshal of the town where such business
1061 is conducted a written permit therefor, which permit shall not be valid
1062 for more than one year and for which such person shall pay a fee of
1063 [twenty-five] fifty dollars. If the permit is issued by the Commissioner
1064 of Public Safety, the commissioner shall forward a copy thereof to the
1065 local fire marshal. Such permit so granted shall definitely state the
1066 location of the building where such business is to be carried on or such
1067 explosive deposited and shall state that such building or premises
1068 complies with the regulations provided for in this section.

1069 (e) No person shall procure, transport or use any explosives unless
1070 such person has a valid license under subsection (b) of this section and
1071 has obtained a written permit therefor signed by the Commissioner of
1072 Public Safety or by the fire marshal of the town where such explosive
1073 is to be used, specifying the name of the purchaser, the amount to be
1074 purchased and transported and the purpose for which it is to be used.
1075 Any such permit to use explosives shall state the number of years the
1076 permittee has been engaged in blasting activity. Such permit shall be
1077 valid for such period, not longer than one year, as is required to
1078 accomplish the purpose for which it was obtained. No carrier shall
1079 transport any such explosive until the vehicle transporting the
1080 explosive has been inspected and approved by the Department of
1081 Public Safety and unless such written permit accompanies the same
1082 and no person shall have in such person's possession any such
1083 explosive unless such person has a license and permit therefor. The fee
1084 for such inspection shall be [twenty-five] fifty dollars. The fee for such
1085 permit shall be [twenty] thirty dollars. Each person who has in such
1086 person's custody or possession any explosive or any detonating caps
1087 for explosives shall keep the same either under personal observation or

1088 securely locked up.

1089 (f) Any license or permit issued under the provisions of this section
1090 may be suspended or revoked by the issuing authority for violation by
1091 the licensee or permittee of any provision of law or regulation relating
1092 to explosives or conviction of such licensee or permittee of any felony
1093 or misdemeanor. Suspension or revocation of a license shall
1094 automatically suspend or revoke the permit and the suspension or
1095 revocation of a permit shall automatically suspend or revoke the
1096 license.

1097 (g) Any person who, by himself or herself or by such person's
1098 employee or agent or as the employee or agent of another, violates any
1099 provision of this section, or any regulation made by the Commissioner
1100 of Public Safety pursuant to the provisions of this section, shall be
1101 fined not more than ten thousand dollars or imprisoned not more than
1102 ten years or both.

1103 (h) As used in this section, "blasting agent" means any material,
1104 composition or mixture intended for blasting, consisting substantially
1105 of a fuel and oxidizer, none of the ingredients of which is an explosive
1106 as defined in section 29-343, and the finished product of which as
1107 mixed and packaged for use or shipment cannot be detonated by the
1108 test procedure established by regulations adopted by the
1109 Commissioner of Public Safety in accordance with chapter 54.

1110 (i) Notwithstanding the provisions of this section, the Labor
1111 Commissioner shall regulate the storage, transportation and use of
1112 explosives and blasting agents in places of employment insofar as such
1113 activities relate to employee health and safety, provided such
1114 regulations shall be no less stringent than those prepared and enforced
1115 by the Commissioner of Public Safety pursuant to this section.

1116 Sec. 31. Section 29-357 of the general statutes is repealed and the
1117 following is substituted in lieu thereof (*Effective July 1, 2007*):

1118 (a) Except as provided in subsection (b) of this section, no person,

1119 firm or corporation shall offer for sale, expose for sale, sell at retail or
1120 use or explode or possess with intent to sell, use or explode any
1121 fireworks. A person who is sixteen years of age or older may offer for
1122 sale, expose for sale, sell at retail, purchase, use or possess with intent
1123 to sell or use sparklers or fountains of not more than one hundred
1124 grams of pyrotechnic mixture per item, which are nonexplosive and
1125 nonaerial, provided (1) such sparklers and fountains do not contain
1126 magnesium, except for magnalium or magnesium-aluminum alloy, (2)
1127 such sparklers and fountains containing any chlorate or perchlorate
1128 salts do not exceed five grams of composition per item, and (3) when
1129 more than one fountain is mounted on a common base, the total
1130 pyrotechnic composition does not exceed two hundred grams.

1131 (b) The State Fire Marshal shall adopt reasonable regulations, in
1132 accordance with chapter 54, for the granting of permits for supervised
1133 displays of fireworks or for the indoor use of pyrotechnics, sparklers
1134 and fountains for special effects by municipalities, fair associations,
1135 amusement parks, other organizations or groups of individuals or
1136 artisans in pursuit of their trade. Such permit may be issued upon
1137 application to said State Fire Marshal and after (1) inspection of the site
1138 of such display or use by the local fire marshal to determine
1139 compliance with the requirements of such regulations, (2) approval of
1140 the chiefs of the police and fire departments, or, if there is no police or
1141 fire department, of the first selectman, of the municipality wherein the
1142 display is to be held as is provided in this section, and (3) the filing of a
1143 bond by the applicant as provided in section 29-358. No such display
1144 shall be handled or fired by any person until such person has been
1145 granted a certificate of competency by the State Fire Marshal, in
1146 respect to which a fee of [fifty] one hundred dollars shall be payable to
1147 the State Treasurer when issued and which may be renewed every
1148 three years upon payment of a fee of [thirty] one hundred fifty dollars
1149 to the State Treasurer, provided such certificate may be suspended or
1150 revoked by said marshal at any time for cause. Such certificate of
1151 competency shall attest to the fact that such operator is competent to
1152 fire a display. Such display shall be of such a character and so located,
1153 discharged or fired as in the opinion of the chiefs of the police and fire

1154 departments or such selectman, after proper inspection, will not be
1155 hazardous to property or endanger any person or persons. In an aerial
1156 bomb, no salute, report or maroon may be used that is composed of a
1157 formula of chlorate of potash, sulphur, black needle antimony and
1158 dark aluminum. Formulas that may be used in a salute, report or
1159 maroon are as follows: (A) Perchlorate of potash, black needle
1160 antimony and dark aluminum, and (B) perchlorate of potash, dark
1161 aluminum and sulphur. No high explosive such as dynamite,
1162 fulminate of mercury or other stimulator for detonating shall be used
1163 in any aerial bomb or other pyrotechnics. Application for permits shall
1164 be made in writing at least fifteen days prior to the date of display, on
1165 such notice as the State Fire Marshal by regulation prescribes, on forms
1166 furnished by him, and a fee of [thirty-five] fifty dollars shall be payable
1167 to the State Treasurer with each such application. After such permit
1168 has been granted, sales, possession, use and distribution of fireworks
1169 for such display shall be lawful for that purpose only. No permit
1170 granted hereunder shall be transferable. Any permit issued under the
1171 provisions of this section may be suspended or revoked by the State
1172 Fire Marshal or the local fire marshal for violation by the permittee of
1173 any provision of the general statutes, any regulation or any ordinance
1174 relating to fireworks.

1175 (c) The State Fire Marshal may grant variations or exemptions from,
1176 or approve equivalent or alternate compliance with, particular
1177 provisions of any regulation issued under the provisions of subsection
1178 (b) of this section where strict compliance with such provisions would
1179 entail practical difficulty or unnecessary hardship or is otherwise
1180 adjudged unwarranted, provided any such variation, exemption,
1181 approved equivalent or alternate compliance shall, in the opinion of
1182 the State Fire Marshal, secure the public safety and shall be made in
1183 writing.

1184 (d) Any person, firm or corporation violating the provisions of this
1185 section shall be fined not more than one hundred dollars or
1186 imprisoned not more than ninety days or be both fined and
1187 imprisoned, except that (1) any person, firm or corporation violating

1188 the provisions of subsection (a) of this section by offering for sale,
1189 exposing for sale or selling at retail or possessing with intent to sell any
1190 fireworks with a value exceeding ten thousand dollars shall be guilty
1191 of a class A misdemeanor, and (2) any person, firm or corporation
1192 violating any provision of subsection (b) of this section or any
1193 regulation adopted thereunder shall be guilty of a class A
1194 misdemeanor, except if death or injury results from any such violation,
1195 such person, firm or corporation shall be fined not more than ten
1196 thousand dollars or imprisoned not more than ten years, or both.

1197 Sec. 32. Section 29-365 of the general statutes is repealed and the
1198 following is substituted in lieu thereof (*Effective July 1, 2007*):

1199 The fee to be paid to the licensing authority upon each application
1200 shall be as follows: For a fireworks manufacturing license, [one] two
1201 hundred dollars; for a dealer, wholesaler and jobber, [fifty] two
1202 hundred dollars. Fees collected by the State Fire Marshal shall be paid
1203 to the State Treasurer.

1204 Sec. 33. Section 29-402 of the general statutes is repealed and the
1205 following is substituted in lieu thereof (*Effective July 1, 2007*):

1206 (a) No person shall engage in the business of demolition of
1207 buildings without a certificate of registration obtained from the
1208 Department of Public Safety. An applicant for initial registration shall
1209 file an application with the Department of Public Safety, furnish
1210 evidence of expertise and financial responsibility and pay a fee of three
1211 hundred fifty dollars for a class B certificate and seven hundred fifty
1212 dollars for a class A certificate. Each certificate shall be valid for twelve
1213 months from date of issuance and shall be renewable on application of
1214 the registrant upon payment of an annual fee of two hundred dollars
1215 for a class B certificate and six hundred dollars for a class A certificate.
1216 The department may refuse to issue any such certificate for cause, and
1217 may revoke or refuse to renew any such certificate for failure to carry
1218 out and conform to the provisions of this part or to any regulations
1219 adopted hereunder, or for any violation of title 22a. No person shall be
1220 refused a certificate or a renewal thereof, and no certificate shall be

1221 revoked, without an opportunity for a hearing conducted by the
1222 Department of Public Safety.

1223 (b) As used in this part, the term "registration" includes the whole or
1224 part of any permit which the Department of Public Safety issues under
1225 authority of the general statutes and which (1) requires persons to
1226 place their names on a list maintained by the department before they
1227 can engage in the business of demolition of buildings, (2) does not
1228 require a person to demonstrate competence by examination or other
1229 means, and (3) may be revoked or suspended by the department for
1230 cause.

1231 (c) The provisions of this section shall not apply to (1) a person who
1232 is engaged in the disassembling, transportation and reconstruction of
1233 historic buildings for historical purposes or in the demolition of farm
1234 buildings or in the renovation, alteration or reconstruction of a single-
1235 family residence, (2) the removal of underground petroleum storage
1236 tanks, (3) the burning of a building or structure as part of an organized
1237 fire department training exercise, or (4) the demolition of a single-
1238 family residence or out building by an owner of such structure if it
1239 does not exceed a height of thirty feet, provided (A) the owner shall be
1240 present on site while such demolition work is in progress and shall be
1241 held personally liable for any injury to individuals or damage to public
1242 or private property caused by such demolition, and (B) such
1243 demolition shall be permitted only with respect to buildings which
1244 have clearance from other structures, roads or highways equal to or
1245 greater than the height of the structure subject to demolition. The local
1246 building official may require additional clearance when deemed
1247 necessary for safety.

1248 Sec. 34. Subparagraph (A) of subdivision (37) of subsection (a) of
1249 section 12-407, subdivision (47) of section 12-412, section 12-412b of the
1250 general statutes are repealed. (*Effective July 1, 2007, and applicable to*
1251 *sales occurring on or after July 1, 2007*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007, and applicable to income years commencing on or after January 1, 2007</i>	12-211a
Sec. 2	<i>July 1, 2007, and applicable to income years commencing on or after January 1, 2007</i>	12-217zz
Sec. 3	<i>July 1, 2007, and applicable to sales occurring on or after July 1, 2007</i>	12-296
Sec. 4	<i>July 1, 2007, and applicable to the storage or use of unstamped cigarettes occurring on or after July 1, 2007</i>	12-316
Sec. 5	<i>July 1, 2007</i>	New section
Sec. 6	<i>July 1, 2007, and applicable to the estates of decedents who die on or after January 1, 2007</i>	12-391
Sec. 7	<i>July 1, 2007</i>	12-407(a)(37)
Sec. 8	<i>July 1, 2007</i>	12-408(1)
Sec. 9	<i>July 1, 2007, and applicable to sales occurring on and after July 1, 2007</i>	12-412(55)
Sec. 10	<i>from passage</i>	New section
Sec. 11	<i>July 1, 2007, and applicable to sales occurring on or after July 1, 2007</i>	12-412(27)
Sec. 12	<i>July 1, 2007, and applicable to sales occurring on or after July 1, 2007</i>	12-412k(b)
Sec. 13	<i>July 1, 2007</i>	12-460a
Sec. 14	<i>July 1, 2007</i>	12-494(a)

Sec. 15	<i>July 1, 2007, and applicable to calendar years commencing on or after January 1, 2007</i>	12-642(a)
Sec. 16	<i>July 1, 2007, and applicable to taxable years commencing on or after January 1, 2007</i>	12-700(a)
Sec. 17	<i>July 1, 2007</i>	New section
Sec. 18	<i>July 1, 2007, and applicable to taxable years commencing on or after January 1, 2007</i>	12-704c(b)
Sec. 19	<i>July 1, 2007, and applicable to taxable years commencing on or after January 1, 2007</i>	New section
Sec. 20	<i>July 1, 2007</i>	29-112
Sec. 21	<i>July 1, 2007</i>	29-117
Sec. 22	<i>July 1, 2007</i>	29-130
Sec. 23	<i>July 1, 2007</i>	29-134
Sec. 24	<i>July 1, 2007</i>	29-193
Sec. 25	<i>July 1, 2007</i>	29-196
Sec. 26	<i>July 1, 2007</i>	29-204
Sec. 27	<i>July 1, 2007</i>	29-206
Sec. 28	<i>July 1, 2007</i>	29-237
Sec. 29	<i>July 1, 2007</i>	29-238
Sec. 30	<i>July 1, 2007</i>	29-349
Sec. 31	<i>July 1, 2007</i>	29-357
Sec. 32	<i>July 1, 2007</i>	29-365
Sec. 33	<i>July 1, 2007</i>	29-402
Sec. 34	<i>July 1, 2007, and applicable to sales occurring on or after July 1, 2007</i>	Repealer section

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 and OLR Bill Analysis

sSB-1390

AN ACT CONCERNING REVENUES OF THE STATE.

OFA SUMMARY IMPACT:

State Impact:

The bill is expected to result in:

1. a net revenue gain to the General Fund of \$862.9 million in FY 08 and \$806.2 million in FY 09;
2. a revenue loss to the Transportation Fund of \$0.5 million per year beginning in FY 08;
3. a revenue gain to the Conservation Fund of \$0.5 million per year beginning in FY 08;
4. municipalities retaining between \$40 and \$45 million per year that they are expected to lose under current law.
5. Costs to the Department of Revenue Services of approximately \$600,000 in FY 08 and \$265,000 in FY 09 plus fringe benefits¹ to administer the various tax provisions contained in the bill.

¹ The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The estimated first year fringe benefit rate for a new employee as a percentage of average salary is 25.8%, effective July 1, 2006. The first year fringe benefit costs for new positions do not include pension costs. The state's pension contribution is based upon the prior year's certification by the actuary for the State Employees Retirement System (SERS). The SERS 2006-07 fringe benefit rate is 34.4%, which when combined with the non pension fringe benefit rate totals 60.2%.

OLR SUMMARY:

This bill makes several changes in state taxes. With respect to the income tax, it:

6. increases the number of personal income tax brackets from two to six;
7. for taxable income currently subject to a flat 5% rate, establishes a range of rates from 4.875% to 6.15% for the 2007 tax year and 4.75% to 6.95% for the 2008 and subsequent tax years;
8. doubles the property tax credit; and
9. establishes a refundable state earned income tax credit (EITC) equal to 20% of the federal credit.

With respect to the sales tax, the bill:

1. eliminates tax exemptions for clothing and footwear costing under \$50 and property costing \$2,500 or less used for funerals;
2. exempts sales of computer and data processing, all health club services, and meals sold from "honor boxes" from the tax;
3. extends a tax exemption for residential weatherization products for three years; and
4. requires the state to join the multi-state Streamlined Sales and Use Tax Agreement (see BACKGROUND).

The bill also:

1. reduces the aggregate value of tax credits a company can claim to reduce its corporation or insurance premium tax liability in any year;
2. increases the cigarette tax by 49 cents per pack and establishes a one-time tax on cigarettes in dealers' and distributors' inventories;

3. eliminates a cliff in the estate and gift tax, increases taxes on estates and gifts valued at over \$6.1 million to compensate, and makes changes to preclude double taxation of certain gifts and reduce taxes on out-of-state property;
4. increases annual motor boat fuel tax revenue transfers to the Conservation Fund, with corresponding increases in the boating and fisheries accounts and in allocations to the Long Island Sound councils;
5. makes the current 0.25% municipal real estate conveyance tax rate permanent; and
6. increases various Department of Public Safety (DPS) fees and imposes a flat DPS boiler inspection fee in place of varying fees based on the type of boiler.

EFFECTIVE DATE: Most provisions are effective July 1, 2007. See below for applicability.

INCOME TAX

§§ 16 & 17 – Changes in Tax Rates and Brackets

OFA Fiscal Impact

The bill is expected to result in revenue increase to the General Fund of \$991.1 million in FY 08 and \$947.0 million in FY 09. The estimated revenue gain in FY 08 is for eighteen months because it covers the period between January 1, 2007 and June 30, 2008.

OLR Analysis

The bill increases the number of personal income tax brackets from two to six by adding four new brackets. It maintains the current 3% bracket but breaks the higher bracket, currently a single bracket with a flat 5% rate, into five brackets taxed at rates ranging from 4.85% to 6.15% for the 2007 tax year and from 4.75% to 6.95% starting in the 2008 tax year.

The bill reduces the marginal tax rate on taxable incomes of

\$100,000 or under for joint filers, \$53,125 or under for singles, \$80,000 or under for heads of household, and \$50,000 or under for married couples filing separately from the current 5% to 4.85% for the 2007 tax year and 4.75% for 2008 and after. It increases tax rates on taxable incomes over \$150,000 for joint filers, \$79,700 for singles, \$120,000 for heads of household, and \$75,000 for married couples filing separately from a flat 5% to 5.25%, 5.8% and 6.15% for the 2007 tax year and 5.5%, 6.25%, and 6.95% for 2008 and after.

The bill also increases the flat tax on trust and estate income from 5% to 6.15% for 2007 and 6.95% for 2008 and after.

Table 1 shows tax rates and brackets under the current law and the bill. The tax rates shown apply only to the taxable income in the applicable bracket, not to all of a taxpayer's income.

TABLE 1: CURRENT AND PROPOSED INCOME TAX RATES AND BRACKETS

TAX RATE			CT TAXABLE INCOME			
			Married Filing Jointly or Surviving Spouse		Single	
Current	Bill (Tax Years Starting)		Over	But Not Over	Over	But Not Over
	1/1/07	1/1/08 & after				
3.0%	3.0%	3.0%	\$0	\$20,000	\$0	\$10,000
5.0%	4.875%	4.75%	20,000	100,000	10,000	53,125
	5.0%	5.0%	100,000	150,000	53,125	79,700
	5.25%	5.5%	150,000	200,000	79,700	106,250
	5.8%	6.25%	200,000	250,000	106,250	132,800
	6.15%	6.95%	Over \$250,000		Over \$132,800	
TAX RATE			Head of Household		Married Filing Separately	
Current	Bill (Tax Years Starting)		Over	But Not Over	Over	But Not Over
	1/1/07	1/1/08 & after				
3.0%	3.0%	3.0%	\$0	\$16,000	\$0	\$10,000
5.0%	4.875%	4.75%	16,000	80,000	10,000	50,000
	5.0%	5.0%	80,000	120,000	50,000	75,000
	5.25%	5.5%	120,000	160,000	75,000	100,000
	5.8%	6.25%	160,000	200,000	100,000	125,000
	6.15%	6.95%	Over \$200,000		Over \$125,000	

The bill requires the Department of Revenue Services (DRS) commissioner to issue new withholding tables to take effect July 1, 2007.

EFFECTIVE DATE: July 1, 2007. The rate changes apply to tax years starting on or after January 1, 2007. (If the requirement for DRS to issue new withholding tables does not take effect until July 1, 2007, it appears unlikely that the tables could take effect on the same day.)

§18 – Property Tax Credit

OFA Fiscal Impact

The bill is expected to result in a revenue loss to the General Fund of \$280.0 million in FY 08 and \$285.6 million in FY 09.

OLR Analysis

The bill increases the maximum property tax credit against the income tax from \$500 to \$1,000 starting in the 2007 tax year. By law, the credit phases out at higher income levels, which vary by filing status. The maximum credits for various income levels under current law and the bill are shown in the table below.

TABLE 2: CURRENT AND PROPOSED MAXIMUM PROPERTY TAX CREDIT PHASE-OUT SCHEDULES BY FILING STATUS

MAXIMUM CREDIT		CT ADJUSTED GROSS INCOME			
		<i>Married Filing Jointly</i>		<i>Single (for 2007 only)</i>	
<i>Current</i>	<i>Proposed</i>	<i>Over</i>	<i>But Not Over</i>	<i>Over</i>	<i>But Not Over</i>
\$500	\$1,000	\$0	\$100,500	\$0	\$55,000
450	900	100,500	110,500	55,500	65,500
400	800	110,500	120,500	65,500	75,500
350	700	120,500	130,500	75,500	85,500
300	600	130,500	140,500	85,500	95,500
250	500	140,500	150,500	95,500	105,500
200	400	150,500	160,500	105,500	115,500
150	300	160,500	170,500	115,500	125,500
100	200	170,500	180,500	125,500	135,500
50	100	180,500	190,500	135,500	145,500

0		0		Over \$190,500		Over \$145,500	
MAXIMUM CREDIT		Head of Household		Married Filing Separately			
Current	Proposed	Over	But Not Over	Over	But Not Over		
\$500	\$1,000	\$0	\$78,500	\$0	\$50,250		
450	900	78,500	88,500	50,250	55,250		
400	800	88,500	98,500	55,250	60,250		
350	700	98,500	108,500	60,250	65,250		
300	600	108,500	118,500	65,250	70,250		
250	500	118,500	128,500	70,250	75,250		
200	400	128,500	138,500	75,250	80,250		
150	300	138,500	148,500	80,250	85,250		
100	200	148,500	158,500	85,250	90,250		
50	100	158,500	168,500	95,250	100,250		
0	0	Over \$ 168,500		Over \$100,250			

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

§ 19 – Earned Income Tax Credit

OFA Fiscal Impact

The bill is expected to result in a revenue loss to the General Fund of \$55.3 million in FY 08 and \$60.7 million in FY 09.

For the 2004 income year approximately 170,000 Connecticut returns claimed \$273.4 million in federal earned income tax credits.

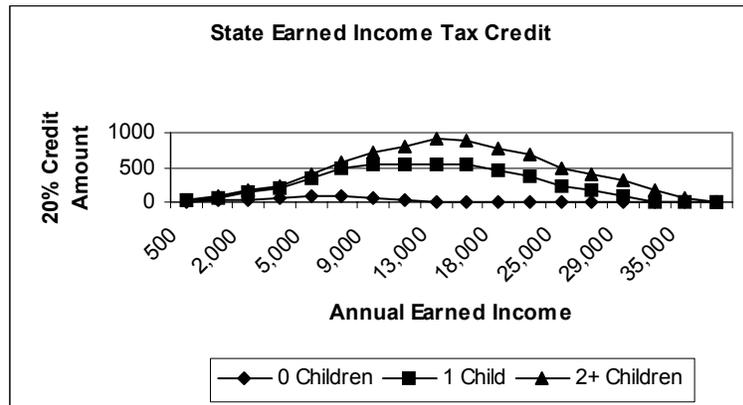
OLR Analysis

The bill gives people who qualify for, and claim, the federal EITC a refundable credit against their state income tax liability equal to 20% of their federal credit for the same income year. If the credit amount exceeds the taxpayer's state income tax liability for the year, the bill requires the DRS commissioner to refund the difference to the taxpayer. Credit refunds must be treated as other income tax refunds, except that they are not subject to the 0.66% monthly interest payable on late tax refunds.

Under federal law and this bill, people who work and earn incomes below certain levels qualify for income tax credits. Credit amounts vary according to a taxpayer’s income and the number of children he or she has. Income limits and credit amounts are adjusted annually for inflation (26 USCA § 32).

For 2006, taxpayers receive a federal EITC if they have (1) no children and their incomes are less than \$12,120 (\$14,120 for joint filers); (2) one child, and an income under \$32,001 (\$34,001 for joint filers); and (3) two or more children, and an income under \$36,348 (\$38,348 for joint filers). A taxpayer must have no more than \$2,800 in investment income.

The graph shows the state credit amounts a taxpayer would have received under the bill at selected income levels if a 20% credit had applied for 2006. The



maximum state credit would have been \$82 for a taxpayer with no children and an annual earned income of \$5,350 to \$6,750 (\$8,750 for joint filers); \$549 for a taxpayer with one child and an earned income of \$8,050 to \$14,850 (\$16,850 for joint filers); and \$907 for a taxpayer with two or more children and an earned income of \$11,300 to \$14,850 (\$16,850 for joint filers).

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

SALES TAX

OFA Fiscal Impact

The table below presents the net revenue gain to the General Fund of the various changes to the sales tax.

Item	FY 08	FY 09
	(\$ - millions)	
Eliminates the exemption for clothing costing less than \$50/item.	135.0	138.0
Eliminates the exemption for funeral expenses	4.4	4.5
Exempts computer and data processing services (currently at 1%)	(12.9)	(13.3)
Exempts health and athletic club services	(6.1)	(6.1)
Exempts items sold through honor boxes	(0.1)	(0.1)
Extends the exemption for weatherization products	(7.0)	(7.0)
Net Total	113.3	116.0

OLR Analysis

§§9 & 35 – Exemptions Eliminated

The bill extends the 6% sales and use tax to:

1. clothing and footwear costing less than \$50; and
2. property sold by funeral homes and used directly in preparing and conducting burials and cremations, up to \$2,500 per funeral.

The bill also repeals a provision allowing the DRS commissioner to adopt regulations concerning the clothing and footwear exemption.

EFFECTIVE DATE: July 1, 2007 and applicable to sales on or after that date.

§§ 7, 8, 11, & 35 – New Exemptions

The bill exempts all computer and data processing services from the sales tax. Under current law, such services subject to a 1% sales tax. The services include programming and modifying existing programs;

writing code; and studying the feasibility of, installing, or implementing a program or system in connection with canned or custom software or licensing custom software. Services for creating, maintaining, and hosting Internet websites are already exempt.

The bill exempts all, rather than only some, health and athletic club services from the tax. Health and athletic club services are currently exempt if:

1. their charges are included in club dues or initiation fees subject to the dues tax,
2. they are provided by a municipality or a nonprofit organization, or
3. they are yoga instruction provided by a yoga studio.

The bill exempts meals sold from both honor boxes and coin-operated vending machines. The vending machine exemption currently covers “food products.” Although most food is not taxable, certain food products, such as soda, candy, cookies, and cakes are subject to sales tax unless they are sold from a vending machine. In addition, meals are currently taxable. By law, a “meal” is food furnished, prepared, and served in a form and in a portion that is ready to eat, including take-out meals that are packaged and wrapped.

An “honor box,” is typically an unattended box where customers deposit money for items they buy.

EFFECTIVE DATE: July 1, 2007. The honor box and computer and data processing exemptions apply to sales on or after that date.

§ 12 – Weatherization Products

The bill extends the current sales tax exemption for home weatherization products and energy efficient appliances, such as insulation, programmable thermostats, and furnaces that meet Energy Star standards, for three years until July 1, 2010. The exemption is currently scheduled to expire on July 1, 2007.

EFFECTIVE DATE: July 1, 2007 and applicable to sales on or after that date.

§ 10 – Streamlined Sales and Use Tax Agreement

By October 1, 2007, the bill requires the state to apply to become a party to the Streamlined Sales and Use Tax Agreement (See BACKGROUND). It requires the DRS commissioner, in consultation with the Finance, Revenue and Bonding Committee, to take the steps needed to ensure state compliance with the agreement.

EFFECTIVE DATE: Upon passage

§§ 1 & 2 – BUSINESS TAX CREDIT LIMITS

OFA Fiscal Impact

The bill is expected to result in a revenue gain to the General Fund of \$12.0 million per year beginning in FY 08.

OLR Analysis

The bill increases the amount of corporation and insurance premium taxes companies must pay by limiting the total value of their tax credits for any income year to 60%, instead of 70%, of their total tax liability without credits. It thus requires each such company to pay at least 40%, rather than 30%, of its gross tax liability.

EFFECTIVE DATE: July 1, 2007 and applicable to income years starting on or after that date.

§§ 3 & 5 – CIGARETTE TAX INCREASE

OFA Fiscal Impact

The bill is expected to result in a revenue gain to the General Fund of \$80.8 million in FY 08 and \$76.8 million in FY 09.

OLR Analysis

The bill increases the cigarette tax by 49 cents, from \$1.51 to \$2 per pack of 20 (from .755 of a cent to 1 cent per cigarette), starting July 1, 2007.

The bill also imposes a 49-cent tax on each pack of cigarettes that dealers and distributors have in their inventories at the later of the close of business or 11:59 p.m. on June 30, 2007. By August 15, 2007, each dealer and distributor must report to DRS the number of cigarettes in inventory as of that time and date and pay the inventory tax. Failure to file the report by the due date is grounds for DRS to revoke a dealer's or distributor's license, and willful failure to file subjects the dealer or distributor to a fine of up to \$1,000, one year in prison, or both. A dealer or distributor who willfully files a false report can be fined up to \$5,000, sentenced to one to five years in prison, or both.

EFFECTIVE DATE: July 1, 2007 and applicable to cigarette sales and storage or use of unstamped cigarettes on or after that date.

§§ 6 & 15 – ESTATE AND GIFT TAXES

OFA Fiscal Impact

The bill is expected to be revenue neutral. The revenue loss from eliminating the cliff is expected to be \$31 million per year, which is anticipated to be offset by the revenue gain from the increase in the marginal rate structure.

OLR Analysis

Tax Rates

The bill (1) increases the range of tax rates on estates and gifts over \$2.1 million from 8% to 16% to 10% to 20% and (2) eliminates the “cliff” in the tax affecting estates valued at over \$2 million. Under current law, an estate or gift valued at \$2 million or less is not taxed while the full value of any estate or gift valued more than \$2 million is taxable. This structure produces a “cliff” in which a \$1 increase in the value of a gift or estate from \$2,000,000 to \$2,000,001 increases its tax from zero to \$101,700.

Current and proposed tax rates are shown in Table 3. The proposed rates apply to deaths occurring and gifts made on or after January 1, 2007.

TABLE 3: CURRENT AND PROPOSED ESTATE AND GIFT TAXES

VALUE OF GIFT OR ESTATE		CURRENT TAX (Add cols. C & D)		PROPOSED TAX (Add cols. E & F)	
Col. A: Over	Col. B: But not over	Col. C: Tax on Col. A	Col. D: Tax rate on excess over Col. A	Col. E: Tax on Col. A	Col. F: Tax rate on excess over Col. A
0	\$2,000,000	NO TAX		NO TAX	
\$2,000,000	2,100,000	5.085% of the total		5.085% of the excess over \$2,000,000	
2,100,000	2,600,000	\$106,800	8.0%	\$5,100	10.0%
2,600,000	3,100,000	146,800	8.8%	55,100	11.0%
3,100,000	3,600,000	190,800	9.6%	110,100	12.0%
3,600,000	4,100,000	238,800	10.4%	170,100	13.0%
4,100,000	5,100,000	290,800	11.2%	235,100	14.0%
5,100,000	6,100,000	402,800	12.0%	375,000	15.0%
6,100,000	7,100,000	522,800	12.8%	525,100	16.0%
7,100,000	8,100,000	650,800	13.6%	685,100	17.0%
8,100,000	9,100,000	786,800	14.4%	855,100	18.0%
9,100,000	10,100,000	930,800	15.2%	1,035,000	19.0%
Over \$10,100,000		1,082,800	16.0%	1,225,100	20.0%

Exclusion of Certain Gifts

The tax applies to gifts above the federal threshold for filing a gift tax return (currently \$12,000 per year, per recipient) made on or after January 1, 2005 that, in the aggregate over the donor's life after that date, exceeds \$2 million. In tallying taxable gifts, the bill excludes gifts that are includable in a decedent's gross taxable estate. (It appears that this adjustment is retroactive to gifts made on or after January 1, 2005.)

Tax Reduction for Out-of-State Property

Current law gives resident estates a reduction in their Connecticut estate tax if they own property located outside the state that is subject to inheritance taxes in another state or the District of Columbia. The reduction is the lesser of (1) the actual taxes paid in the other state or (2) the full Connecticut tax, excluding any gift tax credits that would otherwise be due, multiplied by the percentage of the gross estate that is under the jurisdiction of the other state.

The bill eliminates the requirement that, to receive a reduction, the

out-of-state property be subject to inheritance taxes in another state. Instead, it reduces the Connecticut tax on the estate by the percentage of its total property value that is under another state's jurisdiction.

EFFECTIVE DATE: July 1, 2007. The estate tax changes apply to deaths occurring on or after January 1, 2007. The gift tax changes apply to calendar years starting on or after January 1, 2007.

§ 14 – REAL ESTATE CONVEYANCE TAX

OFA Fiscal Impact

The bill makes permanent the present rate of 0.25% of the local portion of the real estate conveyance tax. Therefore, municipalities will retain about \$40 to \$45 million per year that they are expected to lose under current law.

OLR Analysis

The bill makes the 0.25% municipal real estate conveyance tax rate permanent. Under current law, the rate is scheduled to drop from 0.25% to 0.11% on July 1, 2007.

EFFECTIVE DATE: July 1, 2007

§ 13 – MOTOR BOAT FUEL TAXES AND THE CONSERVATION FUND

OFA Fiscal Impact

The bill will result in a revenue loss to the Transportation Fund and a revenue gain to the Conservation Fund of \$0.5 million per year beginning in FY 08.

OLR Analysis

Starting with FY 08, the bill increases the amount of motor boat fuel tax revenue the DRS commissioner must annually deposit into the Conservation Fund by \$500,000, from \$3 million to \$3.5 million. It also increases the annual amounts from the Conservation Fund going to:

1. the boating account from \$ 250,000 to \$295,000;

2. the fisheries account from \$2 million to \$2.33 million; and
3. the University of Connecticut for the Long Island Sound councils from at least \$75,000 to at least \$125,000.

The Conservation Fund pays for various Department of Environmental Protection programs.

EFFECTIVE DATE: July 1, 2007

§§ 20-33 – DEPARTMENT OF PUBLIC SAFETY FEES

OFA Fiscal Impact

The bill is expected to result in a revenue gain to the General Fund of \$1.1 million in FY 08 and \$0.7 million in FY 09.

OLR Analysis

The bill increases numerous Department of Public Safety fees and makes technical and conforming changes. Current and proposed fees are shown in Table 4.

TABLE 4: CURRENT AND PROPOSED DPS FEES

§	License, Permit, Registration, Inspection, Approval, etc. *	Current	Proposed	% Change
20	Movie theater inspection and approval fee (§ 29-112)	\$35	\$50	43%
20	Movie theater projection room approval and inspection fee (§ 29-112)	10	25	150%
20	Movie theater and projection room plan review fee (§ 29-112)	10	25	150%
21	Movie theatre license (§ 29-117)	35	50	43%
22	Amusement park license (§ 29-130)	35	50	43%
23	Amusement ride license (§ 29-134)	50	100	100%
24	New elevator or escalator installation plan review fee (§ 29-193)	150	200	33%
25	Elevator or escalator operating certificate (§ 29-196)	150	200	33%
25	Elevator or escalator operating certificate (§29-196) (renewal)	40**	120**	200%
26	New tramway plan review (§29-204)	100	200	100%
27	Tramway operating certificate (§ 29-206)	150	200	33%
27	Tramway operating certificate (§ 29-206) (renewal)	80	100	25%
30	Explosives license (for blaster) (§ 29-349(b))	50	100	100%
30	Explosives license (for blaster) (§ 29-349(b))	30	75	150%

	(renewal)			
30	Explosives permit (for business) (§ 29-349(d))	25	50	100%
30	Explosives truck inspection ((§ 29-349(e))	25	50	100%
30	Explosives transport permit (§ 29-349(e))	20	30	50%
31	Fireworks certificate of competency permit (§ 29-357)	50	100	100%
31	Fireworks user certificate of competency (§ 29-357) (renewal)	30	150	400%
31	Fireworks use permit (§ 29-357)	35	50	43%
32	Fireworks manufacturing license (§ 29-365)	100	200	100%
32	Fireworks dealer, wholesaler, jobber license (§ 29-365)	50	200	400%
33	Demolition registration - Class B certificate (§ 29-402)	300	350	17%

* Unless otherwise stated, renewals are annual

** Renewal cycle changed from annual to every two years

The bill replaces the multiple boiler fees, currently assessed based on capacity, with a flat \$40 fee as shown in Table 5. It also makes conforming and technical changes.

TABLE 5: BOILER FEES

Boilers	Current	Proposed	% Change
Boiler operating fee (up to 50 sq. ft. of heating surface)	\$30	\$40	33%
Boiler operating fee (over 50 sq ft up to 1,000 sq. ft. of heating surface)	40	40	0
Boiler operating fee (over 1,000 sq. ft. and less than 4,000 sq. ft. of heating surface)	60	40	(33%)
Boiler operating fee (at least 4,000 sq. ft. and less than 10,000 sq. ft. of heating surface)	80	40	(50%)
Boiler operating fee (at least 10,000 sq. ft. of heating surface)	100	40	(60%)
Boiler external inspection (50 sq. ft. or less of heating surface)	20	40	100%
Boiler external inspection (more than 50 sq. ft. heating surface)	25	40	37.5%
Inspection of heating boilers without a manhole	30	40	33%
Inspection of heating boilers with a manhole	50	40	(20%)
Inspection of hot water supply boilers and hot water heaters	30	40	33%

EFFECTIVE DATE: July 1, 2007

BACKGROUND

Streamlined Sales and Use Tax Agreement (SSUTA)

The SSUTA is an agreement among member states to simplify their state and local sales and use tax laws and administrative procedures to encourage better and less expensive tax collection, particularly on electronic and other cross-border transactions by remote sellers. It requires member states to, among other things, adopt uniform definitions for taxable and exempt products and services, simplify tax rates by limiting themselves generally to one sales tax rate for all taxable products and services, administer both state and local sales and use taxes at the state level, and adopt uniform rules for sourcing transactions based on where items or services are delivered or used. It also establishes three types of certified technology systems for sellers to use to collect and remit sales taxes to all jurisdictions. Finally, the agreement establishes a multistate organization and mechanisms to administer the agreement and settle tax disputes.

Related Bill

SB 1385, File 402, also increases income tax rates, establishes a state EITC, changes sales tax rates and eliminates exemptions, and requires the state to join the SSUTA. That bill also eliminates the property tax credit, increases the minimum corporation tax, and eliminates the estate and gift taxes on estates and gifts under \$5 million and exempts the first \$5 million of larger estates and gifts from the tax.

Municipal Impact: None.

The Out Years

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

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 34 Nay 16 (04/16/2007)