



General Assembly

January Session, 2007

Raised Bill No. 7169

LCO No. 4298

04298 _____ VA_

Referred to Committee on Select Committee on Veterans' Affairs

Introduced by:
(VA)

**AN ACT INCREASING STATE ACTIVE DUTY PAY AND PROVIDING
AN INCOME TAX DEDUCTION FOR CERTAIN STATE ACTIVE DUTY
PAYMENTS.**

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

1 Section 1. Section 27-61 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2007*):

3 (a) For military service when ordered out by the Governor, except
4 when federal pay has been authorized, each commissioned officer,
5 warrant officer and enlisted person assigned to a federally recognized
6 National Guard unit in Connecticut shall be paid at the same rate,
7 including longevity pay and allowances, as would be authorized if
8 ordered out by federal authority but such rate shall be (1) increased by
9 the amount of ten dollars for enlisted persons and five dollars for
10 warrant officers and first and second lieutenants, and (2) not less than
11 one hundred twenty-five dollars per day.

12 (b) For military service when ordered out by the Governor, each
13 commissioned officer, warrant officer and enlisted person in a unit of
14 the organized militia which is not federally recognized shall be paid on

15 the same scale as the federal pay for corresponding grades in the tables
16 of organization of the federally recognized National Guard, increased
17 by the amount of ten dollars for enlisted persons and five dollars for
18 warrant officers and first and second lieutenants. Unless otherwise
19 provided by law, the determination of the corresponding grades in the
20 organized militia, other than the federally recognized National Guard,
21 shall be made by the Adjutant General.

22 (c) Officers, warrant officers and enlisted personnel of the
23 Connecticut National Guard who attend schools, conferences or staff
24 or ceremonial exercises by order of the Governor shall be paid their
25 travel and actual expenses. Commissioned officers serving on boards
26 or military commissions or attending conferences called by higher
27 headquarters in or out of the state shall receive pay and allowance of
28 their grade plus actual expenses.

29 (d) Each commissioned and warrant officer, chief petty officer and
30 enlisted person of the naval militia when ordered out by the Governor,
31 except when federal pay has been authorized, shall receive for each
32 day's service the same pay and allowances as are prescribed by the
33 federal government for the corresponding grades of members of the
34 United States Navy but such pay shall be increased by the amount of
35 ten dollars for enlisted persons and five dollars for chief petty officers,
36 warrant officers, lieutenants junior grade and ensigns.

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

41 (B) There shall be subtracted therefrom (i) to the extent properly
42 includable in gross income for federal income tax purposes, any
43 income with respect to which taxation by any state is prohibited by
44 federal law, (ii) to the extent allowable under section 12-718, exempt
45 dividends paid by a regulated investment company, (iii) the amount of
46 any refund or credit for overpayment of income taxes imposed by this

47 state, or any other state of the United States or a political subdivision
48 thereof, or the District of Columbia, to the extent properly includable
49 in gross income for federal income tax purposes, (iv) to the extent
50 properly includable in gross income for federal income tax purposes
51 and not otherwise subtracted from federal adjusted gross income
52 pursuant to clause (x) of this subparagraph in computing Connecticut
53 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
54 extent any additional allowance for depreciation under Section 168(k)
55 of the Internal Revenue Code, as provided by Section 101 of the Job
56 Creation and Worker Assistance Act of 2002, for property placed in
57 service after December 31, 2001, but prior to September 10, 2004, was
58 added to federal adjusted gross income pursuant to subparagraph (A)
59 (ix) of this subdivision in computing Connecticut adjusted gross
60 income for a taxable year ending after December 31, 2001, twenty-five
61 per cent of such additional allowance for depreciation in each of the
62 four succeeding taxable years, (vi) to the extent properly includable in
63 gross income for federal income tax purposes, any interest income
64 from obligations issued by or on behalf of the state of Connecticut, any
65 political subdivision thereof, or public instrumentality, state or local
66 authority, district or similar public entity created under the laws of the
67 state of Connecticut, (vii) to the extent properly includable in
68 determining the net gain or loss from the sale or other disposition of
69 capital assets for federal income tax purposes, any gain from the sale
70 or exchange of obligations issued by or on behalf of the state of
71 Connecticut, any political subdivision thereof, or public
72 instrumentality, state or local authority, district or similar public entity
73 created under the laws of the state of Connecticut, in the income year
74 such gain was recognized, (viii) any interest on indebtedness incurred
75 or continued to purchase or carry obligations or securities the interest
76 on which is subject to tax under this chapter but exempt from federal
77 income tax, to the extent that such interest on indebtedness is not
78 deductible in determining federal adjusted gross income and is
79 attributable to a trade or business carried on by such individual, (ix)
80 ordinary and necessary expenses paid or incurred during the taxable

81 year for the production or collection of income which is subject to
82 taxation under this chapter but exempt from federal income tax, or the
83 management, conservation or maintenance of property held for the
84 production of such income, and the amortizable bond premium for the
85 taxable year on any bond the interest on which is subject to tax under
86 this chapter but exempt from federal income tax, to the extent that
87 such expenses and premiums are not deductible in determining federal
88 adjusted gross income and are attributable to a trade or business
89 carried on by such individual, (x) (I) for a person who files a return
90 under the federal income tax as an unmarried individual whose
91 federal adjusted gross income for such taxable year is less than fifty
92 thousand dollars, or as a married individual filing separately whose
93 federal adjusted gross income for such taxable year is less than fifty
94 thousand dollars, or for a husband and wife who file a return under
95 the federal income tax as married individuals filing jointly whose
96 federal adjusted gross income for such taxable year is less than sixty
97 thousand dollars or a person who files a return under the federal
98 income tax as a head of household whose federal adjusted gross
99 income for such taxable year is less than sixty thousand dollars, an
100 amount equal to the Social Security benefits includable for federal
101 income tax purposes; and (II) for a person who files a return under the
102 federal income tax as an unmarried individual whose federal adjusted
103 gross income for such taxable year is fifty thousand dollars or more, or
104 as a married individual filing separately whose federal adjusted gross
105 income for such taxable year is fifty thousand dollars or more, or for a
106 husband and wife who file a return under the federal income tax as
107 married individuals filing jointly whose federal adjusted gross income
108 from such taxable year is sixty thousand dollars or more or for a
109 person who files a return under the federal income tax as a head of
110 household whose federal adjusted gross income for such taxable year
111 is sixty thousand dollars or more, an amount equal to the difference
112 between the amount of Social Security benefits includable for federal
113 income tax purposes and the lesser of twenty-five per cent of the Social
114 Security benefits received during the taxable year, or twenty-five per

115 cent of the excess described in Section 86(b)(1) of the Internal Revenue
116 Code, (xi) to the extent properly includable in gross income for federal
117 income tax purposes, any amount rebated to a taxpayer pursuant to
118 section 12-746, (xii) to the extent properly includable in the gross
119 income for federal income tax purposes of a designated beneficiary,
120 any distribution to such beneficiary from any qualified state tuition
121 program, as defined in Section 529(b) of the Internal Revenue Code,
122 established and maintained by this state or any official, agency or
123 instrumentality of the state, (xiii) to the extent allowable under section
124 12-701a, contributions to accounts established pursuant to any
125 qualified state tuition program, as defined in Section 529(b) of the
126 Internal Revenue Code, established and maintained by this state or
127 any official, agency or instrumentality of the state, (xiv) to the extent
128 properly includable in gross income for federal income tax purposes,
129 the amount of any Holocaust victims' settlement payment received in
130 the taxable year by a Holocaust victim, [and] (xv) to the extent
131 properly includable in gross income for federal income tax purposes of
132 an account holder, as defined in section 31-51ww, interest earned on
133 funds deposited in the individual development account, as defined in
134 section 31-51ww, of such account holder, and (xvi) to the extent
135 properly includable in gross income for federal income tax purposes,
136 any pay received pursuant to subsection (a) of section 27-61, as
137 amended by this act, by an individual assigned to a federally
138 recognized National Guard unit in Connecticut.

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

144 (B) There shall be subtracted therefrom (i) to the extent properly
145 includable in gross income for federal income tax purposes, any
146 income with respect to which taxation by any state is prohibited by
147 federal law, (ii) to the extent allowable under section 12-718, exempt

148 dividends paid by a regulated investment company, (iii) the amount of
149 any refund or credit for overpayment of income taxes imposed by this
150 state, or any other state of the United States or a political subdivision
151 thereof, or the District of Columbia, to the extent properly includable
152 in gross income for federal income tax purposes, (iv) to the extent
153 properly includable in gross income for federal income tax purposes
154 and not otherwise subtracted from federal adjusted gross income
155 pursuant to clause (x) of this subparagraph in computing Connecticut
156 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
157 extent any additional allowance for depreciation under Section 168(k)
158 of the Internal Revenue Code, as provided by Section 101 of the Job
159 Creation and Worker Assistance Act of 2002, for property placed in
160 service after December 31, 2001, but prior to September 10, 2004, was
161 added to federal adjusted gross income pursuant to subparagraph
162 (A)(ix) of this subdivision in computing Connecticut adjusted gross
163 income for a taxable year ending after December 31, 2001, twenty-five
164 per cent of such additional allowance for depreciation in each of the
165 four succeeding taxable years, (vi) to the extent properly includable in
166 gross income for federal income tax purposes, any interest income
167 from obligations issued by or on behalf of the state of Connecticut, any
168 political subdivision thereof, or public instrumentality, state or local
169 authority, district or similar public entity created under the laws of the
170 state of Connecticut, (vii) to the extent properly includable in
171 determining the net gain or loss from the sale or other disposition of
172 capital assets for federal income tax purposes, any gain from the sale
173 or exchange of obligations issued by or on behalf of the state of
174 Connecticut, any political subdivision thereof, or public
175 instrumentality, state or local authority, district or similar public entity
176 created under the laws of the state of Connecticut, in the income year
177 such gain was recognized, (viii) any interest on indebtedness incurred
178 or continued to purchase or carry obligations or securities the interest
179 on which is subject to tax under this chapter but exempt from federal
180 income tax, to the extent that such interest on indebtedness is not
181 deductible in determining federal adjusted gross income and is

182 attributable to a trade or business carried on by such individual, (ix)
183 ordinary and necessary expenses paid or incurred during the taxable
184 year for the production or collection of income which is subject to
185 taxation under this chapter but exempt from federal income tax, or the
186 management, conservation or maintenance of property held for the
187 production of such income, and the amortizable bond premium for the
188 taxable year on any bond the interest on which is subject to tax under
189 this chapter but exempt from federal income tax, to the extent that
190 such expenses and premiums are not deductible in determining federal
191 adjusted gross income and are attributable to a trade or business
192 carried on by such individual, (x) (I) for a person who files a return
193 under the federal income tax as an unmarried individual whose
194 federal adjusted gross income for such taxable year is less than fifty
195 thousand dollars, or as a married individual filing separately whose
196 federal adjusted gross income for such taxable year is less than fifty
197 thousand dollars, or for a husband and wife who file a return under
198 the federal income tax as married individuals filing jointly whose
199 federal adjusted gross income for such taxable year is less than sixty
200 thousand dollars or a person who files a return under the federal
201 income tax as a head of household whose federal adjusted gross
202 income for such taxable year is less than sixty thousand dollars, an
203 amount equal to the Social Security benefits includable for federal
204 income tax purposes; and (II) for a person who files a return under the
205 federal income tax as an unmarried individual whose federal adjusted
206 gross income for such taxable year is fifty thousand dollars or more, or
207 as a married individual filing separately whose federal adjusted gross
208 income for such taxable year is fifty thousand dollars or more, or for a
209 husband and wife who file a return under the federal income tax as
210 married individuals filing jointly whose federal adjusted gross income
211 from such taxable year is sixty thousand dollars or more or for a
212 person who files a return under the federal income tax as a head of
213 household whose federal adjusted gross income for such taxable year
214 is sixty thousand dollars or more, an amount equal to the difference
215 between the amount of Social Security benefits includable for federal

216 income tax purposes and the lesser of twenty-five per cent of the Social
217 Security benefits received during the taxable year, or twenty-five per
218 cent of the excess described in Section 86(b)(1) of the Internal Revenue
219 Code, (xi) to the extent properly includable in gross income for federal
220 income tax purposes, any amount rebated to a taxpayer pursuant to
221 section 12-746, (xii) to the extent properly includable in the gross
222 income for federal income tax purposes of a designated beneficiary,
223 any distribution to such beneficiary from any qualified state tuition
224 program, as defined in Section 529(b) of the Internal Revenue Code,
225 established and maintained by this state or any official, agency or
226 instrumentality of the state, (xiii) to the extent allowable under section
227 12-701a, contributions to accounts established pursuant to any
228 qualified state tuition program, as defined in Section 529(b) of the
229 Internal Revenue Code, established and maintained by this state or
230 any official, agency or instrumentality of the state, (xiv) to the extent
231 properly includable in gross income for federal income tax purposes,
232 the amount of any Holocaust victims' settlement payment received in
233 the taxable year by a Holocaust victim, (xv) to the extent properly
234 includable in gross income for federal income tax purposes of an
235 account holder, as defined in section 31-51ww, interest earned on
236 funds deposited in the individual development account, as defined in
237 section 31-51ww, of such account holder, and (xvi) to the extent
238 properly included in gross income for federal income tax purposes,
239 fifty per cent of the income received from the United States
240 government as retirement pay for a retired member of (I) the Armed
241 Forces of the United States, as defined in Section 101 of Title 10 of the
242 United States Code, or (II) the National Guard, as defined in Section
243 101 of Title 10 of the United States Code, and (xvii) to the extent
244 properly includable in gross income for federal income tax purposes,
245 any pay received pursuant to subsection (a) of section 27-61, as
246 amended by this act, by an individual assigned to a federally
247 recognized National Guard unit in Connecticut.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	27-61
Sec. 2	<i>July 1, 2007, and applicable to taxable years commencing on or after January 1, 2007</i>	12-701(a)(20)(B)
Sec. 3	<i>July 1, 2007, and applicable to taxable years commencing on or after January 1, 2008</i>	12-701(a)(20)(B)

Statement of Purpose:

To provide (1) minimum pay of one hundred twenty-five dollars per day for members of the Connecticut National Guard ordered to state active duty, and (2) a deduction, from adjusted gross income under the state income tax, for pay received for such state active duty.

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