



General Assembly

January Session, 2007

**Committee Bill No. 752**

LCO No. 4755

\* SB00752AGEFIN022807 \*

Referred to Committee on Select Committee on Aging

Introduced by:  
(AGE)

***AN ACT CONCERNING AN INCOME TAX DEDUCTION FOR LONG-TERM CARE INSURANCE PREMIUM PAYMENTS AND FOR HOME CARE SERVICES.***

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

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2 section 12-701 of the general statutes is repealed and the following is  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

5 (B) There shall be subtracted therefrom (i) to the extent properly  
6 includable in gross income for federal income tax purposes, any  
7 income with respect to which taxation by any state is prohibited by  
8 federal law, (ii) to the extent allowable under section 12-718, exempt  
9 dividends paid by a regulated investment company, (iii) the amount of  
10 any refund or credit for overpayment of income taxes imposed by this  
11 state, or any other state of the United States or a political subdivision  
12 thereof, or the District of Columbia, to the extent properly includable  
13 in gross income for federal income tax purposes, (iv) to the extent  
14 properly includable in gross income for federal income tax purposes  
15 and not otherwise subtracted from federal adjusted gross income

16 pursuant to clause (x) of this subparagraph in computing Connecticut  
17 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the  
18 extent any additional allowance for depreciation under Section 168(k)  
19 of the Internal Revenue Code, as provided by Section 101 of the Job  
20 Creation and Worker Assistance Act of 2002, for property placed in  
21 service after December 31, 2001, but prior to September 10, 2004, was  
22 added to federal adjusted gross income pursuant to subparagraph (A)  
23 (ix) of this subdivision in computing Connecticut adjusted gross  
24 income for a taxable year ending after December 31, 2001, twenty-five  
25 per cent of such additional allowance for depreciation in each of the  
26 four succeeding taxable years, (vi) to the extent properly includable in  
27 gross income for federal income tax purposes, any interest income  
28 from obligations issued by or on behalf of the state of Connecticut, any  
29 political subdivision thereof, or public instrumentality, state or local  
30 authority, district or similar public entity created under the laws of the  
31 state of Connecticut, (vii) to the extent properly includable in  
32 determining the net gain or loss from the sale or other disposition of  
33 capital assets for federal income tax purposes, any gain from the sale  
34 or exchange of obligations issued by or on behalf of the state of  
35 Connecticut, any political subdivision thereof, or public  
36 instrumentality, state or local authority, district or similar public entity  
37 created under the laws of the state of Connecticut, in the income year  
38 such gain was recognized, (viii) any interest on indebtedness incurred  
39 or continued to purchase or carry obligations or securities the interest  
40 on which is subject to tax under this chapter but exempt from federal  
41 income tax, to the extent that such interest on indebtedness is not  
42 deductible in determining federal adjusted gross income and is  
43 attributable to a trade or business carried on by such individual, (ix)  
44 ordinary and necessary expenses paid or incurred during the taxable  
45 year for the production or collection of income which is subject to  
46 taxation under this chapter but exempt from federal income tax, or the  
47 management, conservation or maintenance of property held for the  
48 production of such income, and the amortizable bond premium for the  
49 taxable year on any bond the interest on which is subject to tax under  
50 this chapter but exempt from federal income tax, to the extent that

51 such expenses and premiums are not deductible in determining federal  
52 adjusted gross income and are attributable to a trade or business  
53 carried on by such individual, (x) (I) for a person who files a return  
54 under the federal income tax as an unmarried individual whose  
55 federal adjusted gross income for such taxable year is less than fifty  
56 thousand dollars, or as a married individual filing separately whose  
57 federal adjusted gross income for such taxable year is less than fifty  
58 thousand dollars, or for a husband and wife who file a return under  
59 the federal income tax as married individuals filing jointly whose  
60 federal adjusted gross income for such taxable year is less than sixty  
61 thousand dollars or a person who files a return under the federal  
62 income tax as a head of household whose federal adjusted gross  
63 income for such taxable year is less than sixty thousand dollars, an  
64 amount equal to the Social Security benefits includable for federal  
65 income tax purposes; and (II) for a person who files a return under the  
66 federal income tax as an unmarried individual whose federal adjusted  
67 gross income for such taxable year is fifty thousand dollars or more, or  
68 as a married individual filing separately whose federal adjusted gross  
69 income for such taxable year is fifty thousand dollars or more, or for a  
70 husband and wife who file a return under the federal income tax as  
71 married individuals filing jointly whose federal adjusted gross income  
72 from such taxable year is sixty thousand dollars or more or for a  
73 person who files a return under the federal income tax as a head of  
74 household whose federal adjusted gross income for such taxable year  
75 is sixty thousand dollars or more, an amount equal to the difference  
76 between the amount of Social Security benefits includable for federal  
77 income tax purposes and the lesser of twenty-five per cent of the Social  
78 Security benefits received during the taxable year, or twenty-five per  
79 cent of the excess described in Section 86(b)(1) of the Internal Revenue  
80 Code, (xi) to the extent properly includable in gross income for federal  
81 income tax purposes, any amount rebated to a taxpayer pursuant to  
82 section 12-746, (xii) to the extent properly includable in the gross  
83 income for federal income tax purposes of a designated beneficiary,  
84 any distribution to such beneficiary from any qualified state tuition  
85 program, as defined in Section 529(b) of the Internal Revenue Code,

86 established and maintained by this state or any official, agency or  
87 instrumentality of the state, (xiii) to the extent allowable under section  
88 12-701a, contributions to accounts established pursuant to any  
89 qualified state tuition program, as defined in Section 529(b) of the  
90 Internal Revenue Code, established and maintained by this state or  
91 any official, agency or instrumentality of the state, (xiv) to the extent  
92 properly includable in gross income for federal income tax purposes,  
93 the amount of any Holocaust victims' settlement payment received in  
94 the taxable year by a Holocaust victim, [and] (xv) to the extent  
95 properly includable in gross income for federal income tax purposes of  
96 an account holder, as defined in section 31-51ww, interest earned on  
97 funds deposited in the individual development account, as defined in  
98 section 31-51ww, of such account holder, (xvi) the amount paid by a  
99 taxpayer during the taxable year for premiums on a long-term care  
100 policy, as defined in section 38a-501 or 38a-528, or a long-term care  
101 policy issued pursuant to section 38a-475, under which policy the  
102 taxpayer is insured during the taxable year, and (xvii) the amount paid  
103 by a taxpayer during the taxable year for home care services, including  
104 payments made for nursing services, home-health aide services,  
105 homemaker-home health aide services, homemaker services,  
106 companion services and personal care assistance services made on  
107 behalf of a state resident who is sixty-five years of age or older;  
108 provided such payments are not made pursuant to the taxpayer  
109 entering into an informal arrangement for the provision of such  
110 services.

111 Sec. 2. Subparagraph (B) of subdivision (20) of subsection (a) of  
112 section 12-701 of the general statutes, as amended by section 71 of  
113 public act 05-251 and section 77 of public act 06-186, is repealed and  
114 the following is substituted in lieu thereof (*Effective July 1, 2007, and*  
115 *applicable to taxable years commencing on or after January 1, 2008*):

116 (B) There shall be subtracted therefrom (i) to the extent properly  
117 includable in gross income for federal income tax purposes, any  
118 income with respect to which taxation by any state is prohibited by

119 federal law, (ii) to the extent allowable under section 12-718, exempt  
120 dividends paid by a regulated investment company, (iii) the amount of  
121 any refund or credit for overpayment of income taxes imposed by this  
122 state, or any other state of the United States or a political subdivision  
123 thereof, or the District of Columbia, to the extent properly includable  
124 in gross income for federal income tax purposes, (iv) to the extent  
125 properly includable in gross income for federal income tax purposes  
126 and not otherwise subtracted from federal adjusted gross income  
127 pursuant to clause (x) of this subparagraph in computing Connecticut  
128 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the  
129 extent any additional allowance for depreciation under Section 168(k)  
130 of the Internal Revenue Code, as provided by Section 101 of the Job  
131 Creation and Worker Assistance Act of 2002, for property placed in  
132 service after December 31, 2001, but prior to September 10, 2004, was  
133 added to federal adjusted gross income pursuant to subparagraph  
134 (A)(ix) of this subdivision in computing Connecticut adjusted gross  
135 income for a taxable year ending after December 31, 2001, twenty-five  
136 per cent of such additional allowance for depreciation in each of the  
137 four succeeding taxable years, (vi) to the extent properly includable in  
138 gross income for federal income tax purposes, any interest income  
139 from obligations issued by or on behalf of the state of Connecticut, any  
140 political subdivision thereof, or public instrumentality, state or local  
141 authority, district or similar public entity created under the laws of the  
142 state of Connecticut, (vii) to the extent properly includable in  
143 determining the net gain or loss from the sale or other disposition of  
144 capital assets for federal income tax purposes, any gain from the sale  
145 or exchange of obligations issued by or on behalf of the state of  
146 Connecticut, any political subdivision thereof, or public  
147 instrumentality, state or local authority, district or similar public entity  
148 created under the laws of the state of Connecticut, in the income year  
149 such gain was recognized, (viii) any interest on indebtedness incurred  
150 or continued to purchase or carry obligations or securities the interest  
151 on which is subject to tax under this chapter but exempt from federal  
152 income tax, to the extent that such interest on indebtedness is not  
153 deductible in determining federal adjusted gross income and is

154 attributable to a trade or business carried on by such individual, (ix)  
155 ordinary and necessary expenses paid or incurred during the taxable  
156 year for the production or collection of income which is subject to  
157 taxation under this chapter but exempt from federal income tax, or the  
158 management, conservation or maintenance of property held for the  
159 production of such income, and the amortizable bond premium for the  
160 taxable year on any bond the interest on which is subject to tax under  
161 this chapter but exempt from federal income tax, to the extent that  
162 such expenses and premiums are not deductible in determining federal  
163 adjusted gross income and are attributable to a trade or business  
164 carried on by such individual, (x) (I) for a person who files a return  
165 under the federal income tax as an unmarried individual whose  
166 federal adjusted gross income for such taxable year is less than fifty  
167 thousand dollars, or as a married individual filing separately whose  
168 federal adjusted gross income for such taxable year is less than fifty  
169 thousand dollars, or for a husband and wife who file a return under  
170 the federal income tax as married individuals filing jointly whose  
171 federal adjusted gross income for such taxable year is less than sixty  
172 thousand dollars or a person who files a return under the federal  
173 income tax as a head of household whose federal adjusted gross  
174 income for such taxable year is less than sixty thousand dollars, an  
175 amount equal to the Social Security benefits includable for federal  
176 income tax purposes; and (II) for a person who files a return under the  
177 federal income tax as an unmarried individual whose federal adjusted  
178 gross income for such taxable year is fifty thousand dollars or more, or  
179 as a married individual filing separately whose federal adjusted gross  
180 income for such taxable year is fifty thousand dollars or more, or for a  
181 husband and wife who file a return under the federal income tax as  
182 married individuals filing jointly whose federal adjusted gross income  
183 from such taxable year is sixty thousand dollars or more or for a  
184 person who files a return under the federal income tax as a head of  
185 household whose federal adjusted gross income for such taxable year  
186 is sixty thousand dollars or more, an amount equal to the difference  
187 between the amount of Social Security benefits includable for federal  
188 income tax purposes and the lesser of twenty-five per cent of the Social

189 Security benefits received during the taxable year, or twenty-five per  
190 cent of the excess described in Section 86(b)(1) of the Internal Revenue  
191 Code, (xi) to the extent properly includable in gross income for federal  
192 income tax purposes, any amount rebated to a taxpayer pursuant to  
193 section 12-746, (xii) to the extent properly includable in the gross  
194 income for federal income tax purposes of a designated beneficiary,  
195 any distribution to such beneficiary from any qualified state tuition  
196 program, as defined in Section 529(b) of the Internal Revenue Code,  
197 established and maintained by this state or any official, agency or  
198 instrumentality of the state, (xiii) to the extent allowable under section  
199 12-701a, contributions to accounts established pursuant to any  
200 qualified state tuition program, as defined in Section 529(b) of the  
201 Internal Revenue Code, established and maintained by this state or  
202 any official, agency or instrumentality of the state, (xiv) to the extent  
203 properly includable in gross income for federal income tax purposes,  
204 the amount of any Holocaust victims' settlement payment received in  
205 the taxable year by a Holocaust victim, (xv) to the extent properly  
206 includable in gross income for federal income tax purposes of an  
207 account holder, as defined in section 31-51ww, interest earned on  
208 funds deposited in the individual development account, as defined in  
209 section 31-51ww, of such account holder, (xvi) the amount paid by a  
210 taxpayer during the taxable year for premiums on a long-term care  
211 policy, as defined in section 38a-501 or 38a-528, or a long-term care  
212 policy issued pursuant to section 38a-475, under which policy the  
213 taxpayer is insured during the taxable year, (xvii) the amount paid by  
214 a taxpayer during the taxable year for home care services, including  
215 payments made for nursing services, home-health aide services,  
216 homemaker-home health aide services, homemaker services,  
217 companion services and personal care assistance services made on  
218 behalf of a state resident who is sixty-five years of age or older;  
219 provided such payments are not made pursuant to the taxpayer  
220 entering into an informal arrangement for the provision of such  
221 services, and [(xvi)] (xviii) to the extent properly included in gross  
222 income for federal income tax purposes, fifty per cent of the income  
223 received from the United States government as retirement pay for a

224 retired member of (I) the Armed Forces of the United States, as defined  
225 in Section 101 of Title 10 of the United States Code, or (II) the National  
226 Guard, as defined in Section 101 of Title 10 of the United States Code.

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

**AGE**

**Joint Favorable C/R**

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