



General Assembly

Bill No. 1115

January Session, 2007

LCO No. 4018

*04018 _____ *

Referred to Committee on Finance, Revenue and Bonding

Introduced by:

SEN. DELUCA, 32nd Dist.

REP. CAFERO, 142nd Dist.

AN ACT PHASING OUT THE UNIFIED GIFT AND ESTATE TAX.

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

1 Section 1. Subsection (g) of section 12-391 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage, and applicable to estates of decedents dying on or after January 1,*
4 *2007*):

5 (g) (1) With respect to the estates of decedents dying [on or after
6 January 1, 2005] during the period from January 1, 2005, to December
7 31, 2006, inclusive, the tax based on the Connecticut taxable estate shall
8 be 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

9 (2) With respect to the estates of decedents dying on or after January
10 1, 2007, but prior to January 1, 2008, the tax based on the Connecticut
11 taxable estate shall be as provided in the following schedule:

<u>T28</u>	<u>Amount of Connecticut</u>	<u>Rate of Tax</u>
<u>T29</u>	<u>Taxable Estate</u>	
<u>T30</u>	<u>Not over \$4,100,000</u>	<u>None</u>
<u>T31</u>	<u>Over \$4,100,000</u>	<u>\$0 plus 11.2% of the excess</u>
<u>T32</u>	<u>but not over \$5,100,000</u>	<u>over \$4,100,000</u>
<u>T33</u>	<u>Over \$5,100,000</u>	<u>\$112,000 plus 12% of the excess</u>
<u>T34</u>	<u>but not over \$6,100,000</u>	<u>over \$5,100,000</u>
<u>T35</u>	<u>Over \$6,100,000</u>	<u>\$232,000 plus 12.8% of the excess</u>
<u>T36</u>	<u>but not over \$7,100,000</u>	<u>over \$6,100,000</u>
<u>T37</u>	<u>Over \$7,100,000</u>	<u>\$360,000 plus 13.6% of the excess</u>
<u>T38</u>	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
<u>T39</u>	<u>Over \$8,100,000</u>	<u>\$496,000 plus 14.4% of the excess</u>
<u>T40</u>	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
<u>T41</u>	<u>Over \$9,100,000</u>	<u>\$640,000 plus 15.2% of the excess</u>
<u>T42</u>	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
<u>T43</u>	<u>Over \$10,100,000</u>	<u>\$792,000 plus 16% of the excess</u>
<u>T44</u>		<u>over \$10,100,000</u>

12 (3) With respect to the estates of decedents dying on or after January
 13 1, 2008, but prior to January 1, 2009, the tax based on the Connecticut
 14 taxable estate shall be as provided in the following schedule:

<u>T45</u>	<u>Amount of Connecticut</u>	<u>Rate of Tax</u>
<u>T46</u>	<u>Taxable Estate</u>	
<u>T47</u>	<u>Not over \$5,100,000</u>	<u>None</u>
<u>T48</u>	<u>Over \$5,100,000</u>	<u>\$0 plus 12% of the excess</u>
<u>T49</u>	<u>but not over \$6,100,000</u>	<u>over \$5,100,000</u>
<u>T50</u>	<u>Over \$6,100,000</u>	<u>\$120,000 plus 12.8% of the excess</u>
<u>T51</u>	<u>but not over \$7,100,000</u>	<u>over \$6,100,000</u>
<u>T52</u>	<u>Over \$7,100,000</u>	<u>\$248,000 plus 13.6% of the excess</u>
<u>T53</u>	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
<u>T54</u>	<u>Over \$8,100,000</u>	<u>\$384,000 plus 14.4% of the excess</u>
<u>T55</u>	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
<u>T56</u>	<u>Over \$9,100,000</u>	<u>\$528,000 plus 15.2% of the excess</u>
<u>T57</u>	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
<u>T58</u>	<u>Over \$10,100,000</u>	<u>\$680,000 plus 16% of the excess</u>
<u>T59</u>		<u>over \$10,100,000</u>

15 (4) With respect to the estates of decedents dying on or after January
 16 1, 2009, but prior to January 1, 2010, the tax based on the Connecticut
 17 taxable estate shall be as provided in the following schedule:

T60	<u>Amount of Connecticut</u>	<u>Rate of Tax</u>
T61	<u>Taxable Estate</u>	
T62	<u>Not over \$7,100,000</u>	<u>None</u>
T63	<u>Over \$7,100,000</u>	<u>\$0 plus 13.6% of the excess</u>
T64	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T65	<u>Over \$8,100,000</u>	<u>\$136,000 plus 14.4% of the excess</u>
T66	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T67	<u>Over \$9,100,000</u>	<u>\$280,000 plus 15.2% of the excess</u>
T68	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T69	<u>Over \$10,100,000</u>	<u>\$432,000 plus 16% of the excess</u>
T70		<u>over \$10,100,000</u>

18 (5) With respect to the estates of decedents dying on or after January
 19 1, 2010, but prior to January 1, 2011, the tax based on the Connecticut
 20 taxable estate shall be as provided in the following schedule:

T71	<u>Amount of Connecticut</u>	<u>Rate of Tax</u>
T72	<u>Taxable Estate</u>	
T73	<u>Not over \$10,100,000</u>	<u>None</u>
T74	<u>Over \$10,100,000</u>	<u>\$0 plus 16% of the excess</u>
T75		<u>over \$10,100,000</u>

21 (6) With respect to the estates of decedents dying on or after January
 22 1, 2011, no tax shall be imposed by this chapter upon the transfer of the
 23 estate.

24 Sec. 2. Subdivision (1) of subsection (d) of section 12-391 of the
 25 general statutes is repealed and the following is substituted in lieu
 26 thereof *(Effective from passage, and applicable to estates of decedents dying*

27 on or after January 1, 2007):

28 (d) (1) With respect to the estates of decedents who die on or after
29 January 1, 2005, but prior to January 1, 2011, a tax is imposed upon the
30 transfer of the estate of each person who at the time of death was a
31 resident of this state. The amount of the tax shall be determined using
32 the schedule in subsection (g) of this section, as amended by this act. A
33 credit shall be allowed against such tax for any taxes paid to this state
34 pursuant to section 12-642, as amended by this act, for Connecticut
35 taxable gifts made on or after January 1, 2005. With respect to the
36 estates of decedents who die on or after January 1, 2011, no tax shall be
37 imposed by this chapter upon the transfer of the estate.

38 Sec. 3. Subsection (e) of section 12-391 of the general statutes is
39 repealed and the following is substituted in lieu thereof (*Effective from*
40 *passage, and applicable to estates of decedents dying on or after January 1,*
41 *2007*):

42 (e) (1) With respect to the estates of decedents who die on or after
43 January 1, 2005, but prior to January 1, 2011, a tax is imposed upon the
44 transfer of the estate of each person who at the time of death was a
45 nonresident of this state. The amount of such tax shall be computed by
46 multiplying (A) the amount of tax determined using the schedule in
47 subsection (g) of this section, as amended by this act, by (B) a fraction,
48 (i) the numerator of which is the value of that part of the decedent's
49 gross estate over which this state has jurisdiction for estate tax
50 purposes, and (ii) the denominator of which is the value of the
51 decedent's gross estate. A credit shall be allowed against such tax for
52 any taxes paid to this state pursuant to section 12-642, as amended by
53 this act, for Connecticut taxable gifts made on or after January 1, 2005.

54 (2) With respect to the estates of decedents who die on or after
55 January 1, 2011, no tax shall be imposed by this chapter.

56 [(2)] (3) Property of a nonresident estate over which this state has
57 jurisdiction for estate tax purposes includes real property situated in

58 this state and tangible personal property having an actual situs in this
59 state.

60 Sec. 4. Subsection (a) of section 12-642 of the general statutes is
61 repealed and the following is substituted in lieu thereof (*Effective from*
62 *passage, and applicable to calendar years commencing on or after January 1,*
63 *2007*):

64 (a) (1) With respect to calendar years commencing prior to January
65 1, 2001, the tax imposed by section 12-640 for the calendar year shall be
66 at a rate of the taxable gifts made by the donor during the calendar
67 year set forth in the following schedule:

T76	Amount of Taxable Gifts	Rate of Tax
T77	Not over \$25,000	1%
T78	Over \$25,000	\$250, plus 2% of the excess
T79	but not over \$50,000	over \$25,000
T80	Over \$50,000	\$750, plus 3% of the excess
T81	but not over \$75,000	over \$50,000
T82	Over \$75,000	\$1,500, plus 4% of the excess
T83	but not over \$100,000	over \$75,000
T84	Over \$100,000	\$2,500, plus 5% of the excess
T85	but not over \$200,000	over \$100,000
T86	Over \$200,000	\$7,500, plus 6% of the excess
T87		over \$200,000

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

73

T88	Amount of Taxable Gifts	Rate of Tax
T89	Over \$25,000	\$250, plus 2% of the excess
T90	but not over \$50,000	over \$25,000
T91	Over \$50,000	\$750, plus 3% of the excess
T92	but not over \$75,000	over \$50,000
T93	Over \$75,000	\$1,500, plus 4% of the excess
T94	but not over \$100,000	over \$75,000
T95	Over \$100,000	\$2,500, plus 5% of the excess
T96	but not over \$675,000	over \$100,000
T97	Over \$675,000	\$31,250, plus 6% of the excess
T98		over \$675,000

74 (3) With respect to Connecticut taxable gifts, as defined in section
 75 12-643, made by a donor during a calendar year commencing on or
 76 after January 1, 2005, and prior to January 1, 2007, including the
 77 aggregate amount of all Connecticut taxable gifts made by the donor
 78 during all calendar years commencing on or after January 1, 2005 the
 79 tax imposed by section 12-640 for the calendar year shall be at the rate
 80 set forth in the following schedule, with a credit allowed against such
 81 tax for any tax previously paid to this state pursuant to this
 82 subdivision:

T99	Amount of Taxable Gifts	Rate of Tax
T100	Not over \$2,000,000	None
T101	Over \$2,000,000	
T102	but not over \$2,100,000	5.085% of the excess over \$0
T103	Over \$2,100,000	\$106,800 plus 8% of the excess
T104	but not over \$2,600,000	over \$2,100,000
T105	Over \$2,600,000	\$146,800 plus 8.8% of the excess
T106	but not over \$3,100,000	over \$2,600,000

T107	Over \$3,100,000	\$190,800 plus 9.6% of the excess
T108	but not over \$3,600,000	over \$3,100,000
T109	Over \$3,600,000	\$238,800 plus 10.4% of the excess
T110	but not over \$4,100,000	over \$3,600,000
T111	Over \$4,100,000	\$290,800 plus 11.2% of the excess
T112	but not over \$5,100,000	over \$4,100,000
T113	Over \$5,100,000	\$402,800 plus 12% of the excess
T114	but not over \$6,100,000	over \$5,100,000
T115	Over \$6,100,000	\$522,800 plus 12.8% of the excess
T116	but not over \$7,100,000	over \$6,100,000
T117	Over \$7,100,000	\$650,800 plus 13.6% of the excess
T118	but not over \$8,100,000	over \$7,100,000
T119	Over \$8,100,000	\$786,800 plus 14.4% of the excess
T120	but not over \$9,100,000	over \$8,100,000
T121	Over \$9,100,000	\$930,800 plus 15.2% of the excess
T122	but not over \$10,100,000	over \$9,100,000
T123	Over \$10,100,000	\$1,082,800 plus 16% of the excess
T124		over \$10,100,000

83 (4) With respect to Connecticut taxable gifts, as defined in section
 84 12-643, made by a donor during the calendar year commencing
 85 January 1, 2007, including the aggregate amount of all Connecticut
 86 taxable gifts made by the donor during all calendar years commencing
 87 on or after January 1, 2005, the tax imposed by section 12-640 for the
 88 calendar year shall be at the rate set forth in the following schedule,
 89 with a credit allowed against such tax for any tax previously paid to
 90 this state pursuant to this subdivision:

T125	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T126	<u>Not over \$4,100,000</u>	<u>None</u>

T127	<u>Over \$4,100,000</u>	<u>\$0 plus 11.2% of the excess</u>
T128	<u>but not over \$5,100,000</u>	<u>over \$4,100,000</u>
T129	<u>Over \$5,100,000</u>	<u>\$112,000 plus 12% of the excess</u>
T130	<u>but not over \$6,100,000</u>	<u>over \$5,100,000</u>
T131	<u>Over \$6,100,000</u>	<u>\$232,000 plus 12.8% of the excess</u>
T132	<u>but not over \$7,100,000</u>	<u>over \$6,100,000</u>
T133	<u>Over \$7,100,000</u>	<u>\$360,000 plus 13.6% of the excess</u>
T134	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T135	<u>Over \$8,100,000</u>	<u>\$496,000 plus 14.4% of the excess</u>
T136	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T137	<u>Over \$9,100,000</u>	<u>\$640,000 plus 15.2% of the excess</u>
T138	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T139	<u>Over \$10,100,000</u>	<u>\$792,000 plus 16% of the excess</u>
T140		<u>over \$10,100,000</u>

91 (5) With respect to Connecticut taxable gifts, as defined in section
 92 12-643, made by a donor during the calendar year commencing
 93 January 1, 2008, including the aggregate amount of all Connecticut
 94 taxable gifts made by the donor during all calendar years commencing
 95 on or after January 1, 2005, the tax imposed by section 12-640 for the
 96 calendar year shall be at the rate set forth in the following schedule,
 97 with a credit allowed against such tax for any tax previously paid to
 98 this state pursuant to this subdivision:

T141	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T142	<u>Not over \$5,100,000</u>	<u>None</u>
T143	<u>Over \$5,100,000</u>	<u>\$0 plus 12% of the excess</u>
T144	<u>but not over \$6,100,000</u>	<u>over \$5,100,000</u>
T145	<u>Over \$6,100,000</u>	<u>\$120,000 plus 12.8% of the excess</u>
T146	<u>but not over \$7,100,000</u>	<u>over \$6,100,000</u>
T147	<u>Over \$7,100,000</u>	<u>\$248,000 plus 13.6% of the excess</u>
T148	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T149	<u>Over \$8,100,000</u>	<u>\$384,000 plus 14.4% of the excess</u>
T150	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T151	<u>Over \$9,100,000</u>	<u>\$528,000 plus 15.2% of the excess</u>
T152	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T153	<u>Over \$10,100,000</u>	<u>\$680,000 plus 16% of the excess</u>

T154 over \$10,100,000

99 (6) With respect to Connecticut taxable gifts, as defined in section
100 12-643, made by a donor during the calendar year commencing
101 January 1, 2009, including the aggregate amount of all Connecticut
102 taxable gifts made by the donor during all calendar years commencing
103 on or after January 1, 2005, the tax imposed by section 12-640 for the
104 calendar year shall be at the rate set forth in the following schedule,
105 with a credit allowed against such tax for any tax previously paid to
106 this state pursuant to this subdivision:

T155	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T156	<u>Not over \$7,100,000</u>	<u>None</u>
T157	<u>Over \$7,100,000</u>	<u>\$0 plus 13.6% of the excess</u>
T158	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T159	<u>Over \$8,100,000</u>	<u>\$136,000 plus 14.4% of the excess</u>
T160	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T161	<u>Over \$9,100,000</u>	<u>\$280,000 plus 15.2% of the excess</u>
T162	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T163	<u>Over \$10,100,000</u>	<u>\$432,000 plus 16% of the excess</u>
T164		<u>over \$10,100,000</u>

107 (7) With respect to Connecticut taxable gifts, as defined in section
108 12-643, made by a donor during the calendar year commencing
109 January 1, 2010, including the aggregate amount of all Connecticut
110 taxable gifts made by the donor during all calendar years commencing
111 on or after January 1, 2005, the tax imposed by section 12-640 for the
112 calendar year shall be at the rate set forth in the following schedule,
113 with a credit allowed against such tax for any tax previously paid to
114 this state pursuant to this subdivision:

T165	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T166	<u>Not over \$10,100,000</u>	<u>None</u>
T167	<u>Over \$10,100,000</u>	<u>\$0 plus 16% of the excess over</u>

T168

\$10,100,000

115 (8) With respect to Connecticut taxable gifts, as defined in section
 116 12-643, made by a donor during the calendar year commencing on or
 117 after January 1, 2011, including the aggregate amount of all
 118 Connecticut taxable gifts made by the donor during all prior calendar
 119 years commencing on or after January 1, 2005, no tax shall be imposed
 120 by section 12-640 for the calendar year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage, and applicable to estates of decedents dying on or after January 1, 2007</i>	12-391(g)
Sec. 2	<i>from passage, and applicable to estates of decedents dying on or after January 1, 2007</i>	12-391(d)(1)
Sec. 3	<i>from passage, and applicable to estates of decedents dying on or after January 1, 2007</i>	12-391(e)
Sec. 4	<i>from passage, and applicable to calendar years commencing on or after January 1, 2007</i>	12-642(a)

Statement of Purpose:

To implement the Governor's budget recommendations.

[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.]