



General Assembly

January Session, 2007

**Bill No. 1116**

LCO No. 4063

\*04063 \_\_\_\_\_ \*

Referred to Committee on Finance, Revenue and Bonding

Introduced by:

SEN. DELUCA, 32<sup>nd</sup> Dist.

REP. CAFERO, 142<sup>nd</sup> Dist.

**AN ACT CONCERNING THE STATE PERSONAL INCOME TAX AND OTHER REVENUES.**

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

1 Section 1. Subdivisions (6) and (7) of subsection (a) of section 12-700  
2 of the general statutes are repealed and the following is substituted in  
3 lieu thereof (*Effective from passage and applicable to taxable years*  
4 *commencing on or after January 1, 2007*):

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

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

T1	Connecticut Taxable Income	Rate of Tax
T2	Not over \$10,000	3.0%

T3 Over \$10,000 \$300.00, plus 5.0% of the  
T4 excess over \$10,000

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

T5	Connecticut Taxable Income	Rate of Tax
T6	Not over \$16,000	3.0%
T7	Over \$16,000	\$480.00, plus 5.0% of the
T8		excess over \$16,000

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

T9	Connecticut Taxable Income	Rate of Tax
T10	Not over \$20,000	3.0%
T11	Over \$20,000	\$600.00, plus 5.0% of the
T12		excess over \$20,000

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

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

22 (A) For any person who files a return under the federal income tax

23 for such taxable year as an unmarried individual or as a married  
24 individual filing separately:

	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T13		
T14	<u>Not over \$10,000</u>	<u>3.0%</u>
T15	<u>Over \$10,000</u>	<u>\$300.00, plus 5.25% of the excess</u>
T16		<u>over \$10,000</u>

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

	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T17		
T18	<u>Not over \$16,000</u>	<u>3.0%</u>
T19	<u>Over \$16,000</u>	<u>\$480.00, plus 5.25% of the excess</u>
T20		<u>over \$16,000</u>

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

	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T21		
T22	<u>Not over \$20,000</u>	<u>3.0%</u>
T23	<u>Over \$20,000</u>	<u>\$600.00, plus 5.25% of the excess</u>
T24		<u>over \$20,000</u>

33 (D) For trusts or estates, the rate of tax shall be 5.25% of the  
34 Connecticut taxable income.

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

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

T25	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T26	<u>Not over \$10,000</u>	<u>3.0%</u>
T27	<u>Over \$10,000</u>	<u>\$300.00, plus 5.5% of the excess</u>
T28		<u>over \$10,000</u>

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

T29	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T30	<u>Not over \$16,000</u>	<u>3.0%</u>
T31	<u>Over \$16,000</u>	<u>\$480.00, plus 5.5% of the excess</u>
T32		<u>over \$16,000</u>

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

T33	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T34	<u>Not over \$20,000</u>	<u>3.0%</u>
T35	<u>Over \$20,000</u>	<u>\$600.00, plus 5.5% of the excess</u>
T36		<u>over \$20,000</u>

48 (D) For trusts or estates, the rate of tax shall be 5.5% of the  
49 Connecticut taxable income.

50 [(7)] (9) The provisions of this subsection shall apply to resident  
51 trusts and estates and, wherever reference is made in this subsection to  
52 residents of this state, such reference shall be construed to include  
53 resident trusts and estates, provided any reference to a resident's  
54 Connecticut adjusted gross income derived from sources without this  
55 state or to a resident's Connecticut adjusted gross income shall be  
56 construed, in the case of a resident trust or estate, to mean the resident  
57 trust or estate's Connecticut taxable income derived from sources  
58 without this state and the resident trust or estate's Connecticut taxable  
59 income, respectively.

60 Sec. 2. (*Effective from passage*) The Commissioner of Revenue Services  
61 shall, pursuant to chapter 229 of the general statutes, issue new  
62 withholding tax tables, effective July 1, 2007.

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

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

72 Sec. 4. Section 12-316 of the general statutes is repealed and the  
73 following is substituted in lieu thereof (*Effective from passage and*  
74 *applicable to the storage or use of unstamped cigarettes occurring on or after*  
75 *July 1, 2007*):

76 A tax is hereby imposed at the rate of [seventy-five and one-half]

77 one hundred mills for each cigarette upon the storage or use within  
78 this state of any unstamped cigarettes in the possession of any person  
79 other than a licensed distributor or dealer, or a carrier for transit from  
80 without this state to a licensed distributor or dealer within this state.  
81 Any person, including distributors, dealers, carriers, warehousemen  
82 and consumers, last having possession of unstamped cigarettes in this  
83 state shall be liable for the tax on such cigarettes if such cigarettes are  
84 unaccounted for in transit, storage or otherwise, and in such event a  
85 presumption shall exist for the purpose of taxation that such cigarettes  
86 were used and consumed in Connecticut.

87 Sec. 5. (NEW) (*Effective from passage*) (a) An excise tax is hereby  
88 imposed upon each distributor and each dealer, as each are defined in  
89 section 12-285 of the general statutes and licensed pursuant to chapter  
90 214 of the general statutes, in the amount of twenty-four and one-half  
91 mills per cigarette, as defined in said section 12-285, in such  
92 distributor's or such dealer's inventory as of the close of business on  
93 June 30, 2007, or, if the business closes after eleven fifty-nine p.m. on  
94 such date, at eleven fifty-nine p.m. on such date.

95 (b) Each such licensed distributor or dealer shall, not later than  
96 August 15, 2007, file with the Commissioner of Revenue Services, on  
97 forms prescribed by said commissioner, a report that shows the  
98 number of cigarettes in inventory as of the close of business on June 30,  
99 2007, or, if the business closes after eleven fifty-nine p.m. on such date,  
100 at eleven fifty-nine p.m. on such date, upon which inventory the tax  
101 under subsection (a) of this section shall be imposed. The tax shall be  
102 due and payable on the due date of such report. If any distributor or  
103 dealer required to file a report pursuant to this section fails to file such  
104 report on or before August 15, 2007, the commissioner shall make an  
105 estimate of the number of cigarettes in such distributor's or dealer's  
106 inventory as of the close of business on June 30, 2007, based upon any  
107 information that is in the commissioner's possession or that may come  
108 into the commissioner's possession. The provisions of chapter 214 of  
109 the general statutes pertaining to failure to file returns, examination of

110 returns by the commissioner, the issuance of deficiency assessments or  
111 assessments where no return has been filed, the collection of tax, the  
112 imposition of penalties and the accrual of interest shall apply to the  
113 distributors and dealers required to pay the tax imposed under this  
114 section. Failure of any distributor or dealer to file such report when  
115 due shall be sufficient reason to revoke such distributor's or dealer's  
116 license under the provisions of said chapter 214 and to revoke any  
117 other state license or permit held by such distributor or dealer.

118 Sec. 6. Subsection (w) of section 14-49 of the general statutes is  
119 repealed and the following is substituted in lieu thereof (*Effective July*  
120 *1, 2007*):

121 (w) In addition to the fee established for the issuance of motor  
122 vehicle number plates and except as provided in subsection (a) of  
123 section 14-21b and subsection (c) of section 14-253a there shall be an  
124 additional safety fee of [five] ten dollars charged at the time of  
125 issuance of any reflectorized safety number plate or set of plates. All  
126 moneys derived from said safety fee shall be deposited in the Special  
127 Transportation Fund. The commissioner may waive said safety fee in  
128 the case of any person who submits a police report to the  
129 commissioner indicating that the number plate or set of number plates  
130 have been stolen or mutilated for the purpose of obtaining the sticker  
131 attached to the plate denoting the expiration date of the registration.

132 Sec. 7. Subsection (i) of section 14-150 of the general statutes is  
133 repealed and the following is substituted in lieu thereof (*Effective July*  
134 *1, 2007*):

135 (i) If the owner of such motor vehicle placed in storage in  
136 accordance with the provisions of this section does not claim such  
137 motor vehicle within thirty days, the owner of such garage or other  
138 place of storage shall, within forty days of the date such motor vehicle  
139 was placed in storage with such owner, send a written notice to the  
140 commissioner, stating the make, engine number and chassis number of  
141 such motor vehicle, the date such motor vehicle was left with such

142 owner for storage and by whom and the registration number thereof if  
143 any number plates are on such motor vehicle, which notice shall be  
144 placed on file by the commissioner and shall be subject to public  
145 inspection. The fee for filing such notice shall be [five] twenty dollars.  
146 Any sale under the provisions of this section shall be void, unless the  
147 notice required by this section has been given to the commissioner.

148 Sec. 8. (NEW) (*Effective from passage*) (a) There is established a  
149 Streamlined Sales Tax Commission which shall be comprised of the  
150 following members: (1) The chairpersons and ranking members of the  
151 joint standing committee of the General Assembly having cognizance  
152 of matters relating to finance, revenue and bonding, or their designees;  
153 (2) four members appointed by the Governor; and (3) the  
154 Commissioner of Revenue Services and the Secretary of the Office of  
155 Policy and Management, or their designees.

156 (b) All appointments to the commission shall be made no later than  
157 August 15, 2007. Any vacancy shall be filled by the appointing  
158 authority.

159 (c) The Commissioner of Revenue Services shall be the chairperson  
160 of the commission, and shall convene the first meeting of the  
161 commission no later than September 1, 2007.

162 (d) The commission shall study and evaluate (1) the changes that  
163 would need to be made to the provisions of chapter 219 of the general  
164 statutes in order for the state to become a full member of the  
165 Streamlined Sales Tax Governing Board, and (2) the benefits, to the  
166 state and to retailers, if the state were to become such a full member.  
167 The commission shall submit a final report, including its findings and  
168 recommendations, to the Governor and to the General Assembly not  
169 later than January 15, 2008.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2007</i>	12-700(a)(6) and (7)
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage and applicable to sales occurring on or after July 1, 2007</i>	12-296
Sec. 4	<i>from passage and applicable to the storage or use of unstamped cigarettes occurring on or after July 1, 2007</i>	12-316
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>July 1, 2007</i>	14-49(w)
Sec. 7	<i>July 1, 2007</i>	14-150(i)
Sec. 8	<i>from passage</i>	New section

**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.]*