



General Assembly

Substitute Bill No. 1432

January Session, 2007

* SB01432ENVGAE032207 *

AN ACT CONCERNING GLOBAL WARMING.

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

1 Section 1. (NEW) (*Effective from passage and applicable to conveyances of*
2 *real property occurring on or after July 1, 2007, and prior to October 1, 2012*)
3 There shall be established a pilot program regarding a local option
4 municipal conveyance tax for certain community preservation and
5 investment purposes. Any municipality may impose a buyer's tax on
6 the conveyance of real property at the rate of not more than one-half of
7 one per cent of the consideration paid by the buyer in excess of one
8 hundred fifty thousand dollars except that any transfer that results in
9 the preservation of open space land, forest or farm land, including, but
10 not limited to, transfers between farmers and land trusts shall be
11 exempt from such tax. Such tax shall be retained by the municipality,
12 shall be kept in a separate account and shall be used for any of the
13 following purposes, at the option of the municipality upon approval of
14 the Commissioner of Environmental Protection: (A) Purchase or
15 protection of open space land, forest or farm land by the municipality
16 or by the municipality in cooperation with the state or federal
17 government or with a private organization such as a land trust, (B)
18 purchase or protection of land used for recreation, including land for
19 playing fields, beaches and shoreline access, (C) purchase or protection
20 of interests in real property to establish access to public trust waters,
21 (D) brownfield remediation, (E) purchase of property or development

22 rights for affordable housing, (F) clean water projects, (G) energy
23 conservation projects, or (H) clean energy projects.

24 Sec. 2. Section 4a-67d of the general statutes is repealed and the
25 following is substituted in lieu thereof (*Effective from passage*):

26 (a) The fleet average for cars or light duty trucks purchased by the
27 state shall: (1) On and after October 1, 2001, have a United States
28 Environmental Protection Agency estimated highway gasoline mileage
29 rating of at least thirty-five miles per gallon and on and after January 1,
30 2003, have a United States Environmental Protection Agency estimated
31 highway gasoline mileage rating of at least forty miles per gallon, (2)
32 comply with the requirements set forth in 10 CFR 490 concerning the
33 percentage of alternative-fueled vehicles required in the state motor
34 vehicle fleet, and (3) obtain the best achievable mileage per pound of
35 carbon dioxide emitted in its class. The alternative-fueled vehicles
36 purchased by the state to comply with said requirements shall be
37 capable of operating on natural gas or electricity or any other system
38 acceptable to the United States Department of Energy that operates on
39 fuel that is available in the state.

40 (b) Notwithstanding any other provisions of this section, (1) on and
41 after January 1, 2008, any car or light duty truck purchased by the state
42 shall have an efficiency rating that is in the top third of all vehicles in
43 such purchased vehicle's class and fifty per cent of such cars and light
44 duty trucks shall be an alternative fueled, hybrid electric or plug-in
45 electric vehicle, and (2) on and after January 1, 2010, any car or light
46 duty truck purchased by the state shall have an efficiency rating that is
47 in the top third of all vehicles in such purchased vehicle's class and one
48 hundred per cent of such cars and light duty trucks shall be alternative
49 fueled, hybrid electric or plug-in electric vehicles.

50 [(b)] (c) The provisions of [subsection (a)] subsections (a) and (b) of
51 this section shall not apply to cars or light duty trucks purchased for
52 law enforcement or other special use purposes as designated by the
53 Department of Administrative Services.

54 [(c)] (d) As used in this section, the terms "car" and "light duty
55 truck" shall be as defined in the United States Department of Energy
56 Publication DOE/CE -0019/8, or any successor publication.

57 Sec. 3. Section 16a-32a of the general statutes is repealed and the
58 following is substituted in lieu thereof (*Effective from passage*):

59 The Office of Policy and Management shall amend the state plan of
60 conservation and development adopted pursuant to this chapter to
61 include therein a goal for reducing carbon dioxide emissions within
62 this state in accordance with the state's agreement with the Climate
63 Change Action Plan adopted by the Conference of New England
64 Governors and Canadian Premiers. [Said office, in consultation with
65 the Department of Environmental Protection, shall submit a report to
66 the General Assembly on or before the thirtieth day following May 22,
67 1995, on or before May 1, 1996, and annually thereafter, which details
68 the net amount of carbon dioxide emitted annually within this state.
69 Subsequent to the May 1, 2000, submittal, said report shall be
70 submitted every three years with the first such report due May 1,
71 2003.]

72 Sec. 4. (*Effective from passage*) On or before February 1, 2008, the
73 Connecticut Academy of Sciences, in consultation with the state
74 Department of Environmental Protection, shall submit a written report
75 regarding the expected effects of climate change on Connecticut and
76 including recommendations on what the state should do to prepare for
77 such effects to the joint standing committee of the General Assembly
78 having cognizance of matters relating to the environment in
79 accordance with the provisions of section 11-4a of the general statutes.

80 Sec. 5. (NEW) (*Effective from passage*) The Commissioner of
81 Environmental Protection shall study the potential for integrating
82 motorized fleets into the cap and trade mechanism of the Northeast
83 Regional Greenhouse Gas Initiative, and not later than January 1, 2008,
84 the commissioner shall submit a written recommendation concerning
85 what legislative action would be necessary to include transportation

86 sources of climate change gases into regional cap and trade agreements
87 to the joint standing committee of the General Assembly having
88 cognizance of matters relating to the environment in accordance with
89 the provisions of section 11-4a of the general statutes.

90 Sec. 6. (NEW) (*Effective October 1, 2007*) (a) The Commissioner of
91 Environmental Protection shall study the availability of energy
92 efficient lamps such as compact fluorescent lamps, halogen lamps and
93 high-intensity discharge lamps at competitive prices for consumers
94 and compile a list of inefficient incandescent lamps. Not later than
95 April 1, 2008, the commissioner shall give notice of the preliminary
96 draft of such list. Such notice shall: (1) Be posted on the Department of
97 Environmental Protection's Internet web site, (2) be published in one
98 or more newspapers having a general circulation in the state, and (3)
99 contain when, where and how interested parties may present their
100 views on the preliminary draft. The commissioner may revise such list
101 based upon written or oral comments received in response to the
102 preliminary draft. Not later than sixty-five days after the publication of
103 the notice of the preliminary draft and not less than twenty days before
104 publishing the final list on the department's Internet web site, the
105 Department of Environmental Protection shall reach a decision on the
106 content of the final list and shall mail to all persons who have
107 submitted written comments in response to the preliminary draft and
108 who have requested notification, a notice that the department has
109 reached a final decision, detailing the contents of the final list, and a
110 statement of its reasons for its final decision. For the purposes of this
111 section, "incandescent lamp" means a light bulb of not less than forty
112 watts and not more than one hundred watts with a medium screw
113 base and that operates at less than one hundred fifteen volts and not
114 more than one hundred thirty volts.

115 (b) Not later than two years after the Commissioner of
116 Environmental Protection posts such a list on the Department of
117 Environmental Protection's web site, no retailer or wholesaler shall sell
118 any lamp classified on such list. The Commissioner of Environmental
119 Protection shall issue a written warning to any retailer or wholesaler

120 who violates this subsection. Not later than thirty days after the
121 Commissioner of Environmental Protection issues such a warning, the
122 wholesaler or retailer shall pay a fine of not more than one hundred
123 dollars for each sale of an inefficient incandescent lamp subsequent to
124 the receipt of such warning.

125 Sec. 7. (NEW) (*Effective October 1, 2007, and applicable to sales*
126 *occurring on or after said date*) There is hereby imposed a surcharge of
127 ten cents on each sale of an incandescent lamp. Said surcharge shall be
128 in addition to any tax otherwise applicable to any such transaction. On
129 or after October 1, 2007, each retailer who collects such surcharge shall
130 remit the total amount of the surcharge collected each calendar quarter
131 to the Comptroller for deposit in the Renewable Energy Investment
132 Fund created under section 16-245n of the general statutes. For the
133 purposes of this section, "incandescent lamp" means a light bulb of not
134 less than forty watts and not more than one hundred watts with a
135 medium screw base and that operates at not less than one hundred
136 fifteen volts and not more than one hundred thirty volts.

137 Sec. 8. Section 12-81 of the general statutes is amended by adding
138 subdivision (77) as follows (*Effective July 1, 2007, and applicable to*
139 *assessment years commencing on or after July 1, 2007*):

140 (NEW) (77) Any hybrid passenger car, as defined in subdivision
141 (115) of section 12-412, purchased on or after July 1, 2007.

142 Sec. 9. Section 12-217 of the general statutes is repealed and the
143 following is substituted in lieu thereof (*Effective October 1, 2007*):

144 (a) (1) In arriving at net income as defined in section 12-213, whether
145 or not the taxpayer is taxable under the federal corporation net income
146 tax, there shall be deducted from gross income, (A) all items deductible
147 under the Internal Revenue Code effective and in force on the last day
148 of the income year except (i) any taxes imposed under the provisions
149 of this chapter which are paid or accrued in the income year and in the
150 income year commencing January 1, 1989, and thereafter, any taxes in
151 any state of the United States or any political subdivision of such state,

152 or the District of Columbia, imposed on or measured by the income or
153 profits of a corporation which are paid or accrued in the income year,
154 and (ii) deductions for depreciation, which shall be allowed as
155 provided in subsection (b) of this section, and (B) additionally, in the
156 case of a regulated investment company, the sum of (i) the exempt-
157 interest dividends, as defined in the Internal Revenue Code, and (ii)
158 expenses, bond premium, and interest related to tax-exempt income
159 that are disallowed as deductions under the Internal Revenue Code,
160 and (C) in the case of a taxpayer maintaining an international banking
161 facility as defined in the laws of the United States or the regulations of
162 the Board of Governors of the Federal Reserve System, as either may
163 be amended from time to time, the gross income attributable to the
164 international banking facility, provided, no expense or loss attributable
165 to the international banking facility shall be a deduction under any
166 provision of this section, and (D) additionally, in the case of all
167 taxpayers, all dividends as defined in the Internal Revenue Code
168 effective and in force on the last day of the income year not otherwise
169 deducted from gross income, including dividends received from a
170 DISC or former DISC as defined in Section 992 of the Internal Revenue
171 Code and dividends deemed to have been distributed by a DISC or
172 former DISC as provided in Section 995 of said Internal Revenue Code,
173 other than thirty per cent of dividends received from a domestic
174 corporation in which the taxpayer owns less than twenty per cent of
175 the total voting power and value of the stock of such corporation, and
176 (E) additionally, in the case of all taxpayers, the value of any capital
177 gain realized from the sale of any land, or interest in land, to the state,
178 any political subdivision of the state, or to any nonprofit land
179 conservation organization where such land is to be permanently
180 preserved as protected open space or to a water company, as defined
181 in section 25-32a, where such land is to be permanently preserved as
182 protected open space or as Class I or Class II water company land.

183 (2) No deduction shall be allowed for (A) expenses related to
184 dividends which are allowable as a deduction or credit under the
185 Internal Revenue Code, and (B) federal taxes on income or profits,

186 losses of other calendar or fiscal years, retroactive to include all
187 calendar or fiscal years beginning after January 1, 1935, interest
188 received from federal, state and local government securities, if any
189 such deductions are allowed by the federal government.

190 (3) Notwithstanding any provision of this section to the contrary, no
191 dividend received from a real estate investment trust shall be
192 deductible under this section by the recipient unless the dividend is:
193 (A) Deductible under Section 243 of the Internal Revenue Code; or (B)
194 received by a qualified dividend recipient from a qualified real estate
195 investment trust and, as of the last day of the period for which such
196 dividend is paid, persons, not including the qualified dividend
197 recipient or any person that is either a related person to, or an
198 employee or director of, the qualified dividend recipient, have
199 outstanding cash capital contributions to the qualified real estate
200 investment trust that, in the aggregate, exceed five per cent of the fair
201 market value of the aggregate real estate assets, valued as of the last
202 day of the period for which such dividend is paid, then held by the
203 qualified real estate investment trust. For purposes of this section, a
204 "related person" is as defined in subdivision (7) of subsection (a) of
205 section 12-217m, "real estate assets" is as defined in Section 856 of the
206 Internal Revenue Code, a "qualified dividend recipient" means a
207 dividend recipient who has invested in a qualified real estate
208 investment trust prior to April 1, 1997, and a "qualified real estate
209 investment trust" means an entity that both was incorporated and had
210 contributed to it a minimum of five hundred million dollars worth of
211 real estate assets prior to April 1, 1997, and that elects to be a real estate
212 investment trust under Section 856 of the Internal Revenue Code prior
213 to April 1, 1998.

214 (4) Notwithstanding anything in this section to the contrary, (A) any
215 excess of the deductions provided in this section for any income year
216 commencing on or after January 1, 1973, over the gross income for
217 such year or the amount of such excess apportioned to this state under
218 the provisions of section 12-218, shall be an operating loss of such
219 income year and shall be deductible as an operating loss carry-over for

220 operating losses incurred prior to income years commencing January
221 1, 2000, in each of the five income years following such loss year, and
222 for operating losses incurred in income years commencing on or after
223 January 1, 2000, in each of the twenty income years following such loss
224 year, provided the portion of such operating loss which may be
225 deducted as an operating loss carry-over in any income year following
226 such loss year shall be limited to the lesser of (i) any net income greater
227 than zero of such income year following such loss year, or in the case
228 of a company entitled to apportion its net income under the provisions
229 of section 12-218, the amount of such net income which is apportioned
230 to this state pursuant thereto, or (ii) the excess, if any, of such
231 operating loss over the total of such net income for each of any prior
232 income years following such loss year, such net income of each of such
233 prior income years following such loss year for such purposes being
234 computed without regard to any operating loss carry-over from such
235 loss year allowed by this subparagraph and being regarded as not less
236 than zero, and provided, further, the operating loss of any income year
237 shall be deducted in any subsequent year, to the extent available
238 therefor, before the operating loss of any subsequent income year is
239 deducted, and (B) any net capital loss, as defined in the Internal
240 Revenue Code effective and in force on the last day of the income year,
241 for any income year commencing on or after January 1, 1973, shall be
242 allowed as a capital loss carry-over to reduce, but not below zero, any
243 net capital gain, as so defined, in each of the five following income
244 years, in order of sequence, to the extent not exhausted by the net
245 capital gain of any of the preceding of such five following income
246 years, and (C) any net capital losses allowed and carried forward from
247 prior years to income years beginning on or after January 1, 1973, for
248 federal income tax purposes by companies entitled to a deduction for
249 dividends paid under the Internal Revenue Code other than
250 companies subject to the gross earnings taxes imposed under chapters
251 211 and 212, shall be allowed as a capital loss carry-over.

252 (5) This section shall not apply to a life insurance company as
253 defined in the Internal Revenue Code effective and in force on the last

254 day of the income year. For purposes of this section, the unpaid loss
255 reserve adjustment required for nonlife insurance companies under the
256 provisions of Section 832(b)(5) of the Internal Revenue Code of 1986, or
257 any subsequent corresponding internal revenue code of the United
258 States, as from time to time amended, shall be applied without making
259 the adjustment in Subparagraph (B) of said Section 832(b)(5).

260 (b) For purposes of determining net income under this section, the
261 deduction allowed for depreciation shall be determined as provided
262 under the Internal Revenue Code of 1986, or any subsequent
263 corresponding internal revenue code of the United States, as from time
264 to time amended, provided in making such determination, the
265 provisions of Section 168(k) of said code shall not apply.

266 (c) (1) Notwithstanding the provisions of subsections (a) and (b) of
267 this section, "net income", in the case of an S corporation, means the
268 percentage of the nonseparately computed income or loss, as defined
269 in Section 1366(a)(2) of the Internal Revenue Code, of such S
270 corporation, without separate state adjustment pursuant to section
271 12-233 or 12-226a for the compensation of any officer or employee, to
272 which shall be added (A) any taxes imposed under the provisions of
273 this chapter which are paid or accrued in the income year and (B) any
274 taxes in any state of the United States or any political subdivision of
275 such state, or the District of Columbia, imposed on or measured by the
276 income or profits of a corporation which are paid or accrued in the
277 income year as provided in subdivision (2) of this subsection.

278 (2) For income years commencing prior to January 1, 1997, "net
279 income" means one hundred per cent of the amount computed under
280 subdivision (1) of this subsection; for income years commencing on or
281 after January 1, 1997, and prior to January 1, 1998, "net income" means
282 ninety per cent of the amount computed under subdivision (1) of this
283 subsection; for income years commencing on or after January 1, 1998,
284 and prior to January 1, 1999, "net income" means seventy-five per cent
285 of the amount computed under subdivision (1) of this subsection; for
286 income years commencing on or after January 1, 1999, and prior to

287 January 1, 2000, "net income" means fifty-five per cent of the amount
288 computed under subdivision (1) of this subsection; for income years
289 commencing on or after January 1, 2000, and prior to January 1, 2001,
290 "net income" means thirty per cent of the amount computed under
291 subdivision (1) of this subsection; for income years commencing on or
292 after January 1, 2001, net income of S corporations as computed under
293 subdivision (1) of this subsection shall not be subject to the tax under
294 this chapter. Any S corporation subject to the tax on net income as
295 provided in this section shall be eligible for any credit against the tax
296 otherwise available to taxpayers under this chapter only to the extent
297 and in the same percentage as net income of such S corporation is
298 subject to taxation under this chapter, except that any S corporation
299 with an income year commencing on or after January 1, 1999, but
300 before December 31, 2000, shall be eligible for the entire credit
301 available under sections 8-395, 12-633, 12-634, 12-635 and 12-635a.

302 (d) Notwithstanding the provisions of subsections (a) and (b) of this
303 section, "net income" shall not include: (1) Twenty per cent of the total
304 proceeds received from the sale of greenhouse gas emission credits on
305 or after January 1, 2008, (2) forty per cent of the total proceeds received
306 from such sale on or after January 1, 2009, (3) sixty per cent of the total
307 proceeds received from such sale on or after January 1, 2010, (4) eighty
308 per cent of the total proceeds received from such sale on or after
309 January 1, 2011, and (5) any proceeds from the sale of greenhouse gas
310 emission credits on or after January 1, 2012.

311 ~~[(d)]~~ (e) The commissioner may adopt regulations in accordance
312 with chapter 54, relating to mergers or consolidations of corporations
313 providing for the deduction, by the surviving or new corporation
314 provided for in the plan of consolidation, of operating losses that were
315 incurred by a merging or consolidating corporation, respectively,
316 before the merger or consolidation, respectively. Such regulations may
317 follow the provisions of the Internal Revenue Code of 1986, or any
318 subsequent corresponding internal revenue code of the United States,
319 as from time to time amended, or the regulations thereunder.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to conveyances of real property occurring on or after July 1, 2007, and prior to October 1, 2012</i>	New section
Sec. 2	<i>from passage</i>	4a-67d
Sec. 3	<i>from passage</i>	16a-32a
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>October 1, 2007</i>	New section
Sec. 7	<i>October 1, 2007, and applicable to sales occurring on or after said date</i>	New section
Sec. 8	<i>July 1, 2007, and applicable to assessment years commencing on or after July 1, 2007</i>	12-81
Sec. 9	<i>October 1, 2007</i>	12-217

ENV

Joint Favorable Subst. C/R

GAE