



General Assembly

January Session, 2007

Amendment

LCO No. 8099

SB0148308099SRO

Offered by:

SEN. DELUCA, 32nd Dist.
SEN. MCKINNEY, 28th Dist.
SEN. NICKERSON, 36th Dist.
SEN. CAPPIELLO, 24th Dist.
SEN. CALIGIURI, 16th Dist.
SEN. DEBICELLA, 21st Dist.

SEN. FASANO, 34th Dist.
SEN. FREEDMAN, 26th Dist.
SEN. GUGLIELMO, 35th Dist.
SEN. HERLIHY, 8th Dist.
SEN. KISSEL, 7th Dist.
SEN. RORABACK, 30th Dist.

To: Senate Bill No. **1483**

File No.

Cal. No.

"AN ACT CONCERNING REVENUES FROM THE CIGARETTE TAX."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

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4 section 12-701 of the general statutes is repealed and the following is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

7 (B) There shall be subtracted therefrom (i) to the extent properly
8 includable in gross income for federal income tax purposes, any
9 income with respect to which taxation by any state is prohibited by
10 federal law, (ii) to the extent allowable under section 12-718, exempt
11 dividends paid by a regulated investment company, (iii) the amount of

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

47 year for the production or collection of income which is subject to
48 taxation under this chapter but exempt from federal income tax, or the
49 management, conservation or maintenance of property held for the
50 production of such income, and the amortizable bond premium for the
51 taxable year on any bond the interest on which is subject to tax under
52 this chapter but exempt from federal income tax, to the extent that
53 such expenses and premiums are not deductible in determining federal
54 adjusted gross income and are attributable to a trade or business
55 carried on by such individual, (x) (I) for a person who files a return
56 under the federal income tax as an unmarried individual whose
57 federal adjusted gross income for such taxable year is less than fifty
58 thousand dollars, or as a married individual filing separately whose
59 federal adjusted gross income for such taxable year is less than fifty
60 thousand dollars, or for a husband and wife who file a return under
61 the federal income tax as married individuals filing jointly whose
62 federal adjusted gross income for such taxable year is less than sixty
63 thousand dollars or a person who files a return under the federal
64 income tax as a head of household whose federal adjusted gross
65 income for such taxable year is less than sixty thousand dollars, an
66 amount equal to the Social Security benefits includable for federal
67 income tax purposes; and (II) for a person who files a return under the
68 federal income tax as an unmarried individual whose federal adjusted
69 gross income for such taxable year is fifty thousand dollars or more, or
70 as a married individual filing separately whose federal adjusted gross
71 income for such taxable year is fifty thousand dollars or more, or for a
72 husband and wife who file a return under the federal income tax as
73 married individuals filing jointly whose federal adjusted gross income
74 from such taxable year is sixty thousand dollars or more or for a
75 person who files a return under the federal income tax as a head of
76 household whose federal adjusted gross income for such taxable year
77 is sixty thousand dollars or more, an amount equal to the difference
78 between the amount of Social Security benefits includable for federal
79 income tax purposes and the lesser of twenty-five per cent of the Social
80 Security benefits received during the taxable year, or twenty-five per
81 cent of the excess described in Section 86(b)(1) of the Internal Revenue

82 Code, (xi) to the extent properly includable in gross income for federal
83 income tax purposes, any amount rebated to a taxpayer pursuant to
84 section 12-746, (xii) to the extent properly includable in the gross
85 income for federal income tax purposes of a designated beneficiary,
86 any distribution to such beneficiary from any qualified state tuition
87 program, as defined in Section 529(b) of the Internal Revenue Code,
88 established and maintained by this state or any official, agency or
89 instrumentality of the state, (xiii) to the extent allowable under section
90 12-701a, contributions to accounts established pursuant to any
91 qualified state tuition program, as defined in Section 529(b) of the
92 Internal Revenue Code, established and maintained by this state or
93 any official, agency or instrumentality of the state, (xiv) to the extent
94 properly includable in gross income for federal income tax purposes,
95 the amount of any Holocaust victims' settlement payment received in
96 the taxable year by a Holocaust victim, [and] (xv) to the extent
97 properly includable in gross income for federal income tax purposes of
98 an account holder, as defined in section 31-51ww, interest earned on
99 funds deposited in the individual development account, as defined in
100 section 31-51ww, of such account holder, and (xvi) to the extent
101 properly includable in gross income for federal income tax purposes,
102 all income received from defined benefit pension plans, defined
103 contribution plans or Social Security.

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

109 (B) There shall be subtracted therefrom (i) to the extent properly
110 includable in gross income for federal income tax purposes, any
111 income with respect to which taxation by any state is prohibited by
112 federal law, (ii) to the extent allowable under section 12-718, exempt
113 dividends paid by a regulated investment company, (iii) the amount of
114 any refund or credit for overpayment of income taxes imposed by this
115 state, or any other state of the United States or a political subdivision

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

151 management, conservation or maintenance of property held for the
152 production of such income, and the amortizable bond premium for the
153 taxable year on any bond the interest on which is subject to tax under
154 this chapter but exempt from federal income tax, to the extent that
155 such expenses and premiums are not deductible in determining federal
156 adjusted gross income and are attributable to a trade or business
157 carried on by such individual, (x) (I) for a person who files a return
158 under the federal income tax as an unmarried individual whose
159 federal adjusted gross income for such taxable year is less than fifty
160 thousand dollars, or as a married individual filing separately whose
161 federal adjusted gross income for such taxable year is less than fifty
162 thousand dollars, or for a husband and wife who file a return under
163 the federal income tax as married individuals filing jointly whose
164 federal adjusted gross income for such taxable year is less than sixty
165 thousand dollars or a person who files a return under the federal
166 income tax as a head of household whose federal adjusted gross
167 income for such taxable year is less than sixty thousand dollars, an
168 amount equal to the Social Security benefits includable for federal
169 income tax purposes; and (II) for a person who files a return under the
170 federal income tax as an unmarried individual whose federal adjusted
171 gross income for such taxable year is fifty thousand dollars or more, or
172 as a married individual filing separately whose federal adjusted gross
173 income for such taxable year is fifty thousand dollars or more, or for a
174 husband and wife who file a return under the federal income tax as
175 married individuals filing jointly whose federal adjusted gross income
176 from such taxable year is sixty thousand dollars or more or for a
177 person who files a return under the federal income tax as a head of
178 household whose federal adjusted gross income for such taxable year
179 is sixty thousand dollars or more, an amount equal to the difference
180 between the amount of Social Security benefits includable for federal
181 income tax purposes and the lesser of twenty-five per cent of the Social
182 Security benefits received during the taxable year, or twenty-five per
183 cent of the excess described in Section 86(b)(1) of the Internal Revenue
184 Code, (xi) to the extent properly includable in gross income for federal
185 income tax purposes, any amount rebated to a taxpayer pursuant to

186 section 12-746, (xii) to the extent properly includable in the gross
 187 income for federal income tax purposes of a designated beneficiary,
 188 any distribution to such beneficiary from any qualified state tuition
 189 program, as defined in Section 529(b) of the Internal Revenue Code,
 190 established and maintained by this state or any official, agency or
 191 instrumentality of the state, (xiii) to the extent allowable under section
 192 12-701a, contributions to accounts established pursuant to any
 193 qualified state tuition program, as defined in Section 529(b) of the
 194 Internal Revenue Code, established and maintained by this state or
 195 any official, agency or instrumentality of the state, (xiv) to the extent
 196 properly includable in gross income for federal income tax purposes,
 197 the amount of any Holocaust victims' settlement payment received in
 198 the taxable year by a Holocaust victim, (xv) to the extent properly
 199 includable in gross income for federal income tax purposes of an
 200 account holder, as defined in section 31-51ww, interest earned on
 201 funds deposited in the individual development account, as defined in
 202 section 31-51ww, of such account holder, (xvi) to the extent properly
 203 includable in gross income for federal income tax purposes, all income
 204 received from defined benefit pension plans, defined contribution
 205 plans or Social Security, and [(xvi)] (xvii) to the extent properly
 206 included in gross income for federal income tax purposes, fifty per
 207 cent of the income received from the United States government as
 208 retirement pay for a retired member of (I) the Armed Forces of the
 209 United States, as defined in Section 101 of Title 10 of the United States
 210 Code, or (II) the National Guard, as defined in Section 101 of Title 10 of
 211 the United States Code."

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

Sec. 2	<i>October 1, 2007, and applicable to taxable years commencing on or after January 1, 2008</i>	12-701(a)(20)(B)
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