



Senate Bill No. 2001

June 19 Special Session, Public Act No. 09-2

AN ACT CONCERNING DEFICIENCY APPROPRIATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 2009, FUNDING FOR EMPLOYMENT AND TRAINING INITIATIVES AND CANCELLATION OF DEBT INCOME.

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

Section 1. (*Effective from passage*) The amounts appropriated to the following agencies in section 11 of public act 07-1 of the June special session, as amended by section 68 of public act 07-5 of the June special session, section 3 of public act 08-1 of the November 24 special session, section 4 of public act 09-1, section 1 of public act 09-2 and section 1 of public act 09-111, are reduced by the following amounts for the fiscal year ending June 30, 2009:

GOVERNOR'S OFFICE

	\$	
Personal Services		192,000
Other Expenses		100,000

SECRETARY OF THE STATE

Other Expenses		300,000
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STATE TREASURER

Personal Services		650,000
Debt Service		10,134,533

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DEPARTMENT OF REVENUE SERVICES	
Personal Services	200,000
Other Expenses	100,000
DIVISION OF SPECIAL REVENUE	
Personal Services	850,000
Other Expenses	190,000
INSURANCE AND RISK MANAGEMENT BOARD	
Other Expenses	2,500,000
OFFICE OF POLICY AND MANAGEMENT	
Other Expenses	719,000
Justice Assistance Grants	300,000
Energy Audit Subsidy	1,000,000
Tax Relief for Elderly Renters	155,000
Private Providers	1,325,000
Regional Performance Incentive Program	100,000
Heating Assistance Age 65	200,000
Distressed Municipalities	980,000
Property Tax Relief Elderly Freeze Program	290,000
PILOT - New Manufacturing Machinery and Equipment	45,730,000
DEPARTMENT OF VETERANS' AFFAIRS	
Personal Services	200,000
DEPARTMENT OF ADMINISTRATIVE SERVICES	
Personal Services	100,000
DEPARTMENT OF PUBLIC WORKS	
Personal Services	160,000
ATTORNEY GENERAL	
Personal Services	300,000
DIVISION OF CRIMINAL JUSTICE	
Personal Services	100,000

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DEPARTMENT OF PUBLIC SAFETY	
Gun Law Enforcement Task Force	250,000
MILITARY DEPARTMENT	
Veterans' Service Bonuses	100,000
LABOR DEPARTMENT	
Workforce Investment Act	660,000
Unemployment Benefits for Military Spouses	175,000
COMMISSION ON HUMAN RIGHTS AND OPPORTUNITIES	
Personal Services	300,000
COMMISSION ON CULTURE AND TOURISM	
Personal Services	100,000
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	
Personal Services	100,000
Congregate Facilities Operation Costs	150,000
Housing Assistance and Counseling Program	100,000
DEPARTMENT OF PUBLIC HEALTH	
Nursing Student Loan Forgiveness Program	118,750
PUBLIC DEFENDER SERVICES COMMISSION	
Special Public Defenders - Non-Contractual	425,000
STATE COMPTROLLER - FRINGE BENEFITS	
Higher Education Alternative Retirement System	3,000,000
Retired State Employees Health Service Cost	9,036,288
TOTAL - GENERAL FUND	81,390,571

Sec. 2. (*Effective from passage*) (a) The following sums are appropriated from the General Fund for the purposes herein specified

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for the fiscal year ending June 30, 2009:

GENERAL FUND	
	\$
DEPARTMENT OF SOCIAL SERVICES	
Medicaid	70,000,000
DEPARTMENT OF EDUCATION	
Magnet Schools	2,600,000
UNIVERSITY OF CONNECTICUT HEALTH CENTER	
Operating Expenses	22,200,000
DEPARTMENT OF CORRECTION	
Personal Services	14,300,000
WORKERS' COMPENSATION CLAIMS - DEPARTMENT OF ADMINISTRATIVE SERVICES	
Workers' Compensation Claims	1,500,000
TEACHERS' RETIREMENT BOARD	
Retirees Health service Cost	188,661
TOTAL - GENERAL FUND	110,788,661

(b) Funds appropriated in subsection (a) of this section shall not lapse on June 30, 2009, and shall continue to be available for expenditure for such purposes during the fiscal year ending June 30, 2010.

Sec. 3. (*Effective July 1, 2009*) The unexpended balance of funds appropriated in section 5 of public act 08-1 of the August special session to the Office of Policy and Management, for the purpose of expanding Operation Fuel, Incorporated, shall not lapse on June 30, 2009, and such funds shall continue to be available for the purposes described in said section during the fiscal year ending June 30, 2010.

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Sec. 4. Subsection (b) of section 12-217 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage, and applicable to taxable years ending after December 31, 2008*):

(b) (1) For purposes of determining net income under this section, the deduction allowed for depreciation shall be determined as provided under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, provided in making such determination, the provisions of Section 168(k) of said code shall not apply.

(2) (A) For purposes of determining net income under this section for taxable years ending after December 31, 2008, and to the extent any income from the discharge of indebtedness, under Section 108 of the Internal Revenue Code, as amended by Section 1231 of the American Recovery and Reinvestment Act of 2009, in connection with any reacquisition, after December 31, 2008, and before January 1, 2011, of an applicable debt instrument or instruments, as those terms are defined in said Section 108, as amended by said Section 1231, is not properly includible in gross income for federal income tax purposes for the taxable year, any deferral of the recognition of any such income shall not be allowed.

(B) To the extent that any income from the discharge of indebtedness in connection with any reacquisition, after December 31, 2008, and before January 1, 2011, of an applicable debt instrument or instruments, as those terms are defined in Section 108 of the Internal Revenue Code, as amended by Section 1231 of the American Recovery and Reinvestment Act of 2009, is properly includable in gross income for federal income tax purposes for the taxable year, any such income shall be deductible in computing net income under this section for a taxable year ending after December 31, 2008, to the extent that the deferral of recognition of such income from such discharge was not allowed pursuant to subparagraph (A) of this subdivision in

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computing net income for a preceding taxable year.

Sec. 5. Subdivision (20) of subsection (a) of section 12-701 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage, and applicable to taxable years ending after December 31, 2008*):

(20) "Connecticut adjusted gross income" means adjusted gross income, with the following modifications:

(A) There shall be added thereto (i) to the extent not properly includable in gross income for federal income tax purposes, any interest income from obligations issued by or on behalf of any state, political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity, exclusive of such income from obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut and exclusive of any such income with respect to which taxation by any state is prohibited by federal law, (ii) any exempt-interest dividends, as defined in Section 852(b)(5) of the Internal Revenue Code, exclusive of such exempt-interest dividends derived from obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut and exclusive of such exempt-interest dividends derived from obligations, the income with respect to which taxation by any state is prohibited by federal law, (iii) any interest or dividend income on obligations or securities of any authority, commission or instrumentality of the United States which federal law exempts from federal income tax but does not exempt from state income taxes, (iv) to the extent included in gross income for federal income tax purposes for the taxable year, the total taxable amount of a lump sum distribution for the taxable year

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deductible from such gross income in calculating federal adjusted gross income, (v) to the extent properly includable in determining the net gain or loss from the sale or other disposition of capital assets for federal income tax purposes, any loss from the sale or exchange of obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut, in the income year such loss was recognized, (vi) to the extent deductible in determining federal adjusted gross income, any income taxes imposed by this state, (vii) to the extent deductible in determining federal adjusted gross income, any interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest on which is exempt from tax under this chapter, (viii) expenses paid or incurred during the taxable year for the production or collection of income which is exempt from taxation under this chapter or the management, conservation or maintenance of property held for the production of such income, and the amortizable bond premium for the taxable year on any bond the interest on which is exempt from tax under this chapter to the extent that such expenses and premiums are deductible in determining federal adjusted gross income, [and] (ix) for property placed in service after September 10, 2001, but prior to September 11, 2004, in taxable years ending after September 10, 2001, any additional allowance for depreciation under subsection (k) of Section 168 of the Internal Revenue Code, as provided by Section 101 of the Job Creation and Worker Assistance Act of 2002, to the extent deductible in determining federal adjusted gross income; and (x) to the extent not properly includable in gross income for federal income tax purposes for the taxable year, any income from the discharge of indebtedness, in taxable years ending after December 31, 2008, in connection with any reacquisition, after December 31, 2008, and before January 1, 2011, of an applicable debt instrument or instruments, as those terms are defined in Section 108 of the Internal Revenue Code, as amended by Section 1231 of the American Recovery

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and Reinvestment Act of 2009, the inclusion of which income in federal gross income for the taxable year is deferred, as provided by said Section 1231.

(B) There shall be subtracted therefrom (i) to the extent properly includable in gross income for federal income tax purposes, any income with respect to which taxation by any state is prohibited by federal law, (ii) to the extent allowable under section 12-718, exempt dividends paid by a regulated investment company, (iii) the amount of any refund or credit for overpayment of income taxes imposed by this state, or any other state of the United States or a political subdivision thereof, or the District of Columbia, to the extent properly includable in gross income for federal income tax purposes, (iv) to the extent properly includable in gross income for federal income tax purposes and not otherwise subtracted from federal adjusted gross income pursuant to clause (x) of this subparagraph in computing Connecticut adjusted gross income, any tier 1 railroad retirement benefits, (v) to the extent any additional allowance for depreciation under Section 168(k) of the Internal Revenue Code, as provided by Section 101 of the Job Creation and Worker Assistance Act of 2002, for property placed in service after December 31, 2001, but prior to September 10, 2004, was added to federal adjusted gross income pursuant to subparagraph (A)(ix) of this subdivision in computing Connecticut adjusted gross income for a taxable year ending after December 31, 2001, twenty-five per cent of such additional allowance for depreciation in each of the four succeeding taxable years, (vi) to the extent properly includable in gross income for federal income tax purposes, any interest income from obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut, (vii) to the extent properly includable in determining the net gain or loss from the sale or other disposition of capital assets for federal income tax purposes, any gain from the sale

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or exchange of obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut, in the income year such gain was recognized, (viii) any interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest on which is subject to tax under this chapter but exempt from federal income tax, to the extent that such interest on indebtedness is not deductible in determining federal adjusted gross income and is attributable to a trade or business carried on by such individual, (ix) ordinary and necessary expenses paid or incurred during the taxable year for the production or collection of income which is subject to taxation under this chapter but exempt from federal income tax, or the management, conservation or maintenance of property held for the production of such income, and the amortizable bond premium for the taxable year on any bond the interest on which is subject to tax under this chapter but exempt from federal income tax, to the extent that such expenses and premiums are not deductible in determining federal adjusted gross income and are attributable to a trade or business carried on by such individual, (x) (I) for a person who files a return under the federal income tax as an unmarried individual whose federal adjusted gross income for such taxable year is less than fifty thousand dollars, or as a married individual filing separately whose federal adjusted gross income for such taxable year is less than fifty thousand dollars, or for a husband and wife who file a return under the federal income tax as married individuals filing jointly whose federal adjusted gross income for such taxable year is less than sixty thousand dollars or a person who files a return under the federal income tax as a head of household whose federal adjusted gross income for such taxable year is less than sixty thousand dollars, an amount equal to the Social Security benefits includable for federal income tax purposes; and (II) for a person who files a return under the federal income tax as an unmarried individual whose federal adjusted

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gross income for such taxable year is fifty thousand dollars or more, or as a married individual filing separately whose federal adjusted gross income for such taxable year is fifty thousand dollars or more, or for a husband and wife who file a return under the federal income tax as married individuals filing jointly whose federal adjusted gross income from such taxable year is sixty thousand dollars or more or for a person who files a return under the federal income tax as a head of household whose federal adjusted gross income for such taxable year is sixty thousand dollars or more, an amount equal to the difference between the amount of Social Security benefits includable for federal income tax purposes and the lesser of twenty-five per cent of the Social Security benefits received during the taxable year, or twenty-five per cent of the excess described in Section 86(b)(1) of the Internal Revenue Code, (xi) to the extent properly includable in gross income for federal income tax purposes, any amount rebated to a taxpayer pursuant to section 12-746, (xii) to the extent properly includable in the gross income for federal income tax purposes of a designated beneficiary, any distribution to such beneficiary from any qualified state tuition program, as defined in Section 529(b) of the Internal Revenue Code, established and maintained by this state or any official, agency or instrumentality of the state, (xiii) to the extent allowable under section 12-701a, contributions to accounts established pursuant to any qualified state tuition program, as defined in Section 529(b) of the Internal Revenue Code, established and maintained by this state or any official, agency or instrumentality of the state, (xiv) to the extent properly includable in gross income for federal income tax purposes, the amount of any Holocaust victims' settlement payment received in the taxable year by a Holocaust victim, (xv) to the extent properly includable in gross income for federal income tax purposes of an account holder, as defined in section 31-51ww, interest earned on funds deposited in the individual development account, as defined in section 31-51ww, of such account holder, (xvi) to the extent properly includable in the gross income for federal income tax purposes of a

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designated beneficiary, as defined in section 3-123aa, interest, dividends or capital gains earned on contributions to accounts established for the designated beneficiary pursuant to the Connecticut Homecare Option Program for the Elderly established by sections 3-123aa to 3-123ff, inclusive, [and] (xvii) to the extent properly included in gross income for federal income tax purposes, fifty per cent of the income received from the United States government as retirement pay for a retired member of (I) the Armed Forces of the United States, as defined in Section 101 of Title 10 of the United States Code, or (II) the National Guard, as defined in Section 101 of Title 10 of the United States Code, and (xviii) to the extent properly includable in gross income for federal income tax purposes for the taxable year, any income from the discharge of indebtedness in connection with any reacquisition, after December 31, 2008, and before January 1, 2011, of an applicable debt instrument or instruments, as those terms are defined in Section 108 of the Internal Revenue Code, as amended by Section 1231 of the American Recovery and Reinvestment Act of 2009, to the extent any such income was added to federal adjusted gross income pursuant to subparagraph (A)(x) of this subdivision in computing Connecticut adjusted gross income for a preceding taxable year.

(C) With respect to a person who is the beneficiary of a trust or estate, there shall be added or subtracted, as the case may be, from adjusted gross income such person's share, as determined under section 12-714, in the Connecticut fiduciary adjustment.

Sec. 6. (*Effective from passage*) The sum of \$30,303,942 shall be appropriated to the Labor Department, from the General Fund, for Workforce Investment Act - ARRA, for the fiscal year ending June 30, 2009, to implement employment and training initiatives.

Approved June 22, 2009