



# Senate

General Assembly

**File No. 693**

January Session, 2009

Substitute Senate Bill No. 932

*Senate, April 20, 2009*

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## ***AN ACT CONCERNING VARIOUS REVENUE MEASURES.***

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

1 Section 1. Section 12-211a of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2009, and*  
3 *applicable to income years commencing on or after January 1, 2009*):

4 Notwithstanding any provision of the general statutes, the amount  
5 of tax credit or credits otherwise allowable against the tax imposed  
6 under this chapter (1) for any income year commencing prior to  
7 January 1, 2009, shall not exceed seventy per cent of the amount of tax  
8 due from such taxpayer under this chapter with respect to such income  
9 year of the taxpayer prior to the application of such credit or credits,  
10 (2) for any income year commencing on or after January 1, 2009, but  
11 prior to January 1, 2010, shall not exceed sixty-five per cent of the  
12 amount of tax due from such taxpayer under this chapter with respect  
13 to such income year of the taxpayer prior to the application of such  
14 credit or credits, and (3) for any income year commencing on or after

15 January 1, 2010, shall not exceed fifty per cent of the amount of tax due  
16 from such taxpayer under this chapter with respect to such income  
17 year of the taxpayer prior to the application of such credit or credits.

18 Sec. 2. Subdivision (2) of subsection (a) of section 12-214 of the  
19 general statutes is repealed and the following is substituted in lieu  
20 thereof (*Effective July 1, 2009, and applicable to income years commencing*  
21 *on or after January 1, 2009*):

22 (2) The following companies shall be exempt from the tax imposed  
23 under this chapter: (A) Insurance companies incorporated or  
24 organized under the laws of any other state or foreign government and  
25 for income years commencing on or after January 1, 1999, domestic  
26 insurance companies; (B) companies exempt by the federal corporation  
27 net income tax law; [ and any company which qualifies as a domestic  
28 international sales corporation (DISC), as defined in Section 992 of the  
29 Internal Revenue Code and as to which a valid election under  
30 subsection (b) of said Section 992 to be treated as a DISC is effective,  
31 but excluding companies, other than any company which so qualifies  
32 as, and so elects to be treated as, a DISC, which elect not to be subject  
33 to such tax under any provision of said Internal Revenue Code other  
34 than said subsection (b) of Section 992;] (C) companies subject to gross  
35 earnings taxes under chapter 210; (D) companies all of whose  
36 properties in this state are operated by companies subject to gross  
37 earnings taxes under chapter 210; (E) cooperative housing  
38 corporations, as defined for federal income tax purposes; (F) any  
39 organization or association of two or more persons established and  
40 operated for the exclusive purpose of promoting the success or defeat  
41 of any candidate for public office or of any political party or question  
42 or constitutional amendment to be voted upon at any state or national  
43 election or for any other political purpose; (G) any company which is  
44 not owned or controlled, directly or indirectly, by any other company,  
45 the gross annual revenues of which in the most recently completed  
46 year did not exceed one hundred million dollars and which engaged in  
47 the research, design, manufacture, sale or installation of alternative  
48 energy systems or motor vehicles powered in whole or in part by

49 electricity, natural gas or solar energy including their parts and  
50 components, provided at least seventy-five per cent of the gross annual  
51 revenues of such company are derived from such research, design,  
52 manufacture, sale or installation; (H) any company which engages in  
53 the research, design, manufacture or sale in Connecticut of aero-  
54 derived gas turbine systems in advanced industrial applications,  
55 which applications are developed after October 1, 1992, which are  
56 limited to simple-cycle systems, humid air, steam or water injection,  
57 recuperation or intercooling technologies, including their parts and  
58 components, to the extent that such company's net income is directly  
59 attributable to such purposes; (I) any non-United States corporation,  
60 which shall be any foreign corporation, as defined in Section 7701(a)(5)  
61 of the Internal Revenue Code, whose sole activity in this state during  
62 the income year consists of the trading in stocks, securities or  
63 commodities for such corporation's own account, as defined in Section  
64 864(b)(2)(A)(ii) of said Internal Revenue Code; and (J) for income years  
65 commencing on or after January 1, 2001, S corporations.

66 Sec. 3. Subsection (b) of section 12-214 of the general statutes is  
67 repealed and the following is substituted in lieu thereof (*Effective July*  
68 *1, 2009, and applicable to income years commencing on or after January 1,*  
69 *2009*):

70 (b) (1) With respect to income years commencing on or after January  
71 1, 1989, and prior to January 1, 1992, any company subject to the tax  
72 imposed in accordance with subsection (a) of this section shall pay, for  
73 each such income year, an additional tax in an amount equal to twenty  
74 per cent of the tax calculated under said subsection (a) for such income  
75 year, without reduction of the tax so calculated by the amount of any  
76 credit against such tax. The additional amount of tax determined  
77 under this subsection for any income year shall constitute a part of the  
78 tax imposed by the provisions of said subsection (a) and shall become  
79 due and be paid, collected and enforced as provided in this chapter.

80 (2) With respect to income years commencing on or after January 1,  
81 1992, and prior to January 1, 1993, any company subject to the tax

82 imposed in accordance with subsection (a) of this section shall pay, for  
83 each such income year, an additional tax in an amount equal to ten per  
84 cent of the tax calculated under said subsection (a) for such income  
85 year, without reduction of the tax so calculated by the amount of any  
86 credit against such tax. The additional amount of tax determined  
87 under this subsection for any income year shall constitute a part of the  
88 tax imposed by the provisions of said subsection (a) and shall become  
89 due and be paid, collected and enforced as provided in this chapter.

90 (3) With respect to income years commencing on or after January 1,  
91 2003, and prior to January 1, 2004, any company subject to the tax  
92 imposed in accordance with subsection (a) of this section shall pay, for  
93 each such income year, an additional tax in an amount equal to twenty  
94 per cent of the tax calculated under said subsection (a) for such income  
95 year, without reduction of the tax so calculated by the amount of any  
96 credit against such tax. The additional amount of tax determined  
97 under this subsection for any income year shall constitute a part of the  
98 tax imposed by the provisions of said subsection (a) and shall become  
99 due and be paid, collected and enforced as provided in this chapter.

100 (4) With respect to income years commencing on or after January 1,  
101 2004, and prior to January 1, 2005, any company subject to the tax  
102 imposed in accordance with subsection (a) of this section shall pay, for  
103 each such income year, an additional tax in an amount equal to  
104 twenty-five per cent of the tax calculated under said subsection (a) for  
105 such income year, without reduction of the tax so calculated by the  
106 amount of any credit against such tax, except that any company that  
107 pays the minimum tax of two hundred fifty dollars under section 12-  
108 219 or 12-223c for such income year shall not be subject to the  
109 additional tax imposed by this subdivision. The additional amount of  
110 tax determined under this subdivision for any income year shall  
111 constitute a part of the tax imposed by the provisions of said  
112 subsection (a) and shall become due and be paid, collected and  
113 enforced as provided in this chapter.

114 (5) With respect to income years commencing on or after January 1,

115 2006, and prior to January 1, 2007, any company subject to the tax  
116 imposed in accordance with subsection (a) of this section shall pay,  
117 except when the tax so calculated is equal to two hundred fifty dollars,  
118 for each such income year, an additional tax in an amount equal to  
119 twenty per cent of the tax calculated under said subsection (a) for such  
120 income year, without reduction of the tax so calculated by the amount  
121 of any credit against such tax. The additional amount of tax  
122 determined under this subsection for any income year shall constitute  
123 a part of the tax imposed by the provisions of said subsection (a) and  
124 shall become due and be paid, collected and enforced as provided in  
125 this chapter.

126 (6) With respect to income years commencing on or after January 1,  
127 2009, and prior to January 1, 2012, any company subject to the tax  
128 imposed in accordance with subsection (a) of this section shall pay, for  
129 each such income year, except when the tax so calculated is equal to  
130 two hundred fifty dollars, an additional tax in an amount equal to  
131 thirty per cent of the tax calculated under said subsection (a) for such  
132 income year, without reduction of the tax so calculated by the amount  
133 of any credit against such tax. The additional amount of tax  
134 determined under this subsection for any income year shall constitute  
135 a part of the tax imposed by the provisions of said subsection (a) and  
136 shall become due and be paid, collected and enforced as provided in  
137 this chapter.

138 Sec. 4. Subdivision (1) of subsection (a) of section 12-217 of the  
139 general statutes is repealed and the following is substituted in lieu  
140 thereof (*Effective July 1, 2009, and applicable to income years commencing*  
141 *on or after January 1, 2009*):

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

148 income year commencing January 1, 1989, and thereafter, any taxes in  
149 any state of the United States or any political subdivision of such state,  
150 or the District of Columbia, imposed on or measured by the income or  
151 profits of a corporation which are paid or accrued in the income year,  
152 [and] (ii) deductions for depreciation, which shall be allowed as  
153 provided in subsection (b) of this section, and (iii) deductions for  
154 domestic production, as provided in Section 199 of the Internal  
155 Revenue Code, and (B) additionally, in the case of a regulated  
156 investment company, the sum of (i) the exempt-interest dividends, as  
157 defined in the Internal Revenue Code, and (ii) expenses, bond  
158 premium, and interest related to tax-exempt income that are  
159 disallowed as deductions under the Internal Revenue Code, and (C) in  
160 the case of a taxpayer maintaining an international banking facility as  
161 defined in the laws of the United States or the regulations of the Board  
162 of Governors of the Federal Reserve System, as either may be amended  
163 from time to time, the gross income attributable to the international  
164 banking facility, provided, no expense or loss attributable to the  
165 international banking facility shall be a deduction under any provision  
166 of this section, and (D) additionally, in the case of all taxpayers, all  
167 dividends as defined in the Internal Revenue Code effective and in  
168 force on the last day of the income year not otherwise deducted from  
169 gross income, [including dividends received from a DISC or former  
170 DISC as defined in Section 992 of the Internal Revenue Code and  
171 dividends deemed to have been distributed by a DISC or former DISC  
172 as provided in Section 995 of said Internal Revenue Code,] other than  
173 thirty per cent of dividends received from a domestic corporation in  
174 which the taxpayer owns less than twenty per cent of the total voting  
175 power and value of the stock of such corporation, and (E) additionally,  
176 in the case of all taxpayers, the value of any capital gain realized from  
177 the sale of any land, or interest in land, to the state, any political  
178 subdivision of the state, or to any nonprofit land conservation  
179 organization where such land is to be permanently preserved as  
180 protected open space or to a water company, as defined in section 25-  
181 32a, where such land is to be permanently preserved as protected open  
182 space or as Class I or Class II water company land.

183       Sec. 5. Section 12-217zz of the general statutes is repealed and the  
184 following is substituted in lieu thereof (*Effective July 1, 2009, and*  
185 *applicable to income years commencing on or after January 1, 2009*):

186       Notwithstanding any other provision of law, the amount of tax  
187 credit or credits otherwise allowable against the tax imposed under  
188 this chapter (1) for any income year commencing prior to January 1,  
189 2009, shall not exceed seventy per cent of the amount of tax due from  
190 such taxpayer under this chapter with respect to such income year of  
191 the taxpayer prior to the application of such credit or credits, (2) for  
192 any income year commencing on or after January 1, 2009, but prior to  
193 January 1, 2010, shall not exceed sixty-five per cent of the amount of  
194 tax due from such taxpayer under this chapter with respect to such  
195 income year of the taxpayer prior to the application of such credit or  
196 credits, and (3) for any income year commencing on or after January 1,  
197 2010, shall not exceed fifty per cent of the amount of tax due from such  
198 taxpayer under this chapter with respect to such income year of the  
199 taxpayer prior to the application of such credit or credits.

200       Sec. 6. Subsection (c) of section 12-218 of the general statutes is  
201 repealed and the following is substituted in lieu thereof (*Effective July*  
202 *1, 2009, and applicable to income years commencing on or after January 1,*  
203 *2009*):

204       (c) Except as otherwise provided in subsection (k) or (l) of this  
205 section, the net income of the taxpayer when derived from the  
206 manufacture, sale or use of tangible personal or real property, shall be  
207 apportioned within and without the state by means of an  
208 apportionment fraction, to be computed as the sum of the property  
209 factor, the payroll factor and twice the receipts factor, divided by four.  
210 (1) The first of these fractions, the property factor, shall represent that  
211 part of the average monthly net book value of the total tangible  
212 property held and owned by the taxpayer during the income year  
213 which is held within the state, without deduction on account of any  
214 encumbrance thereon, and the value of tangible property rented to the  
215 taxpayer computed by multiplying the gross rents payable during the

216 income year or period by eight. For the purpose of this section, gross  
217 rents shall be the actual sum of money or other consideration payable,  
218 directly or indirectly, by the taxpayer or for its benefit for the use or  
219 possession of the property, excluding royalties, but including interest,  
220 taxes, insurance, repairs or any other amount required to be paid by  
221 the terms of a lease or other arrangement and a proportionate part of  
222 the cost of any improvement to the real property made by or on behalf  
223 of the taxpayer which reverts to the owner or lessor upon termination  
224 of a lease or other arrangement, based on the unexpired term of the  
225 lease commencing with the date the improvement is completed,  
226 provided, where a building is erected on leased land by or on behalf of  
227 the taxpayer, the value of the land is determined by multiplying the  
228 gross rent by eight, and the value of the building is determined in the  
229 same manner as if owned by the taxpayer. (2) The second fraction, the  
230 payroll factor, shall represent the part of the total wages, salaries and  
231 other compensation to employees paid by the taxpayer during the  
232 income year which was paid in this state, excluding any such wages,  
233 salaries or other compensation attributable to the production of gross  
234 income of an international banking facility as defined in section 12-217.  
235 Compensation is paid in this state if (A) the individual's service is  
236 performed entirely within the state; or (B) the individual's service is  
237 performed both within and without the state, but the service  
238 performed without the state is incidental to the individual's service  
239 within the state; or (C) some of the service is performed in the state  
240 and (i) the base of operations or, if there is no base of operations, the  
241 place from which the service is directed or controlled is in the state, or  
242 (ii) the base of operations or the place from which the service is  
243 directed or controlled is not in any state in which some part of the  
244 service is performed, but the individual's residence is in this state. (3)  
245 The third fraction, the receipts factor, shall represent the part of the  
246 taxpayer's gross receipts from sales or other sources during the income  
247 year, computed according to the method of accounting used in the  
248 computation of its entire net income, which is assignable to the state,  
249 and excluding any gross receipts attributable to an international  
250 banking facility as defined in section 12-217, but including receipts

251 from sales of tangible property if the property is delivered or shipped  
252 to a purchaser within this state, [other than a company which qualifies  
253 as a Domestic International Sales Corporation (DISC) as defined in  
254 Section 992 of the Internal Revenue Code of 1986, or any subsequent  
255 corresponding internal revenue code of the United States, as from time  
256 to time amended, and as to which a valid election under Subsection (b)  
257 of said Section 992 to be treated as a DISC is effective, regardless of the  
258 f.o.b. point or other conditions of the sale,] receipts from services  
259 performed within the state, rentals and royalties from properties  
260 situated within the state, royalties from the use of patents or  
261 copyrights within the state, interest managed or controlled within the  
262 state, net gains from the sale or other disposition of intangible assets  
263 managed or controlled within the state, net gains from the sale or other  
264 disposition of tangible assets situated within the state and all other  
265 receipts earned within the state.

266 Sec. 7. Subsection (b) of section 12-219 of the general statutes is  
267 repealed and the following is substituted in lieu thereof (*Effective July*  
268 *1, 2009, and applicable to income years commencing on or after January 1,*  
269 *2009*):

270 (b) (1) With respect to income years commencing on or after January  
271 1, 1989, and prior to January 1, 1992, the additional tax imposed on any  
272 company and calculated in accordance with subsection (a) of this  
273 section shall, for each such income year, except when the tax so  
274 calculated is equal to two hundred fifty dollars, be increased by adding  
275 thereto an amount equal to twenty per cent of the additional tax so  
276 calculated for such income year, without reduction of the additional  
277 tax so calculated by the amount of any credit against such tax. The  
278 increased amount of tax payable by any company under this section,  
279 as determined in accordance with this subsection, shall become due  
280 and be paid, collected and enforced as provided in this chapter.

281 (2) With respect to income years commencing on or after January 1,  
282 1992, and prior to January 1, 1993, the additional tax imposed on any  
283 company and calculated in accordance with subsection (a) of this

284 section shall, for each such income year, except when the tax so  
285 calculated is equal to two hundred fifty dollars, be increased by adding  
286 thereto an amount equal to ten per cent of the additional tax so  
287 calculated for such income year, without reduction of the tax so  
288 calculated by the amount of any credit against such tax. The increased  
289 amount of tax payable by any company under this section, as  
290 determined in accordance with this subsection, shall become due and  
291 be paid, collected and enforced as provided in this chapter.

292 (3) With respect to income years commencing on or after January 1,  
293 2003, and prior to January 1, 2004, the additional tax imposed on any  
294 company and calculated in accordance with subsection (a) of this  
295 section shall, for each such income year, be increased by adding  
296 thereto an amount equal to twenty per cent of the additional tax so  
297 calculated for such income year, without reduction of the tax so  
298 calculated by the amount of any credit against such tax. The increased  
299 amount of tax payable by any company under this section, as  
300 determined in accordance with this subsection, shall become due and  
301 be paid, collected and enforced as provided in this chapter.

302 (4) With respect to income years commencing on or after January 1,  
303 2004, and prior to January 1, 2005, the additional tax imposed on any  
304 company and calculated in accordance with subsection (a) of this  
305 section shall, for each such income year, be increased by adding  
306 thereto an amount equal to twenty-five per cent of the additional tax so  
307 calculated for such income year, without reduction of the tax so  
308 calculated by the amount of any credit against such tax, except that  
309 any company that pays the minimum tax of two hundred fifty dollars  
310 under this section or section 12-223c for such income year shall not be  
311 subject to such additional tax. The increased amount of tax payable by  
312 any company under this subdivision, as determined in accordance  
313 with this subsection, shall become due and be paid, collected and  
314 enforced as provided in this chapter.

315 (5) With respect to income years commencing on or after January 1,  
316 2006, and prior to January 1, 2007, the additional tax imposed on any

317 company and calculated in accordance with subsection (a) of this  
318 section shall, for each such income year, except when the tax so  
319 calculated is equal to two hundred fifty dollars, be increased by adding  
320 thereto an amount equal to twenty per cent of the additional tax so  
321 calculated for such income year, without reduction of the tax so  
322 calculated by the amount of any credit against such tax. The increased  
323 amount of tax payable by any company under this section, as  
324 determined in accordance with this subsection, shall become due and  
325 be paid, collected and enforced as provided in this chapter.

326 (6) With respect to income years commencing on or after January 1,  
327 2009, and prior to January 1, 2012, the additional tax imposed on any  
328 company and calculated in accordance with subsection (a) of this  
329 section shall, for each such income year, except when the tax so  
330 calculated is equal to two hundred fifty dollars, be increased by adding  
331 thereto an amount equal to thirty per cent of the additional tax so  
332 calculated for such income year, without reduction of the tax so  
333 calculated by the amount of any credit against such tax. The increased  
334 amount of tax payable by any company under this section, as  
335 determined in accordance with this subsection, shall become due and  
336 be paid, collected and enforced as provided in this chapter.

337 Sec. 8. Section 12-296 of the general statutes is repealed and the  
338 following is substituted in lieu thereof (*Effective January 1, 2010, and*  
339 *applicable to sales occurring on or after January 1, 2010*):

340 A tax is imposed on all cigarettes held in this state by any person for  
341 sale, said tax to be at the rate of one hundred twenty-five mills for each  
342 cigarette and the payment thereof shall be for the account of the  
343 purchaser or consumer of such cigarettes and shall be evidenced by the  
344 affixing of stamps to the packages containing the cigarettes as  
345 provided in this chapter.

346 Sec. 9. Section 12-316 of the general statutes is repealed and the  
347 following is substituted in lieu thereof (*Effective January 1, 2010, and*  
348 *applicable to sales occurring on or after January 1, 2010*):

349 A tax is hereby imposed at the rate of one hundred twenty-five mills  
350 for each cigarette upon the storage or use within this state of any  
351 unstamped cigarettes in the possession of any person other than a  
352 licensed distributor or dealer, or a carrier for transit from without this  
353 state to a licensed distributor or dealer within this state. Any person,  
354 including distributors, dealers, carriers, warehousemen and  
355 consumers, last having possession of unstamped cigarettes in this state  
356 shall be liable for the tax on such cigarettes if such cigarettes are  
357 unaccounted for in transit, storage or otherwise, and in such event a  
358 presumption shall exist for the purpose of taxation that such cigarettes  
359 were used and consumed in Connecticut.

360 Sec. 10. (*Effective January 1, 2010*) (a) An excise tax is hereby imposed  
361 upon each distributor and each dealer, as each are defined in section  
362 12-285 of the general statutes and licensed pursuant to chapter 214 of  
363 the general statutes, in the amount of twenty-five mills per cigarette, as  
364 defined in said section 12-285, in such distributor's or such dealer's  
365 inventory as of the close of business on December 31, 2009, or, if the  
366 business closes after eleven fifty-nine o'clock p.m. on such date, at  
367 eleven fifty-nine o'clock p.m. on such date.

368 (b) Each such licensed distributor or dealer shall, not later than  
369 March 15, 2010, file with the Commissioner of Revenue Services, on  
370 forms prescribed by said commissioner, a report that shows the  
371 number of cigarettes in inventory as of the close of business on  
372 December 31, 2009, or, if the business closes after eleven fifty-nine  
373 o'clock p.m. on such date, at eleven fifty-nine o'clock p.m. on such  
374 date, upon which inventory the tax under subsection (a) of this section  
375 shall be imposed. The tax shall be due and payable on the due date of  
376 such report. If any distributor or dealer required to file a report  
377 pursuant to this section fails to file such report on or before March 15,  
378 2010, the commissioner shall make an estimate of the number of  
379 cigarettes in such distributor's or dealer's inventory as of the close of  
380 business on December 31, 2009, based upon any information that is in  
381 the commissioner's possession or that may come into the  
382 commissioner's possession. The provisions of chapter 214 of the

383 general statutes pertaining to failure to file returns, examination of  
384 returns by the commissioner, the issuance of deficiency assessments or  
385 assessments where no return has been filed, the collection of tax, the  
386 imposition of penalties and the accrual of interest shall apply to the  
387 distributors and dealers required to pay the tax imposed under this  
388 section. Failure of any distributor or dealer to file such report when  
389 due shall be sufficient reason to revoke such distributor's or dealer's  
390 license under the provisions of said chapter 214 and to revoke any  
391 other state license or permit held by such distributor or dealer.

392 Sec. 11. (NEW) (*Effective July 1, 2009, and applicable to estates of*  
393 *decedents who die on or after January 1, 2009*) With respect to estates of  
394 decedents who die on or after January 1, 2009, and on or before  
395 December 31, 2011, any estate subject to the tax imposed in accordance  
396 with section 12-391 of the general statutes shall pay an additional tax  
397 in an amount equal to thirty per cent of the tax calculated under said  
398 section 12-391 for such estate. The additional amount of tax  
399 determined under this subsection shall constitute a part of the tax  
400 imposed by the provisions of said section 12-391 and shall become due  
401 and be paid, collected and enforced as provided in chapter 217 of the  
402 general statutes.

403 Sec. 12. Section 12-407 of the general statutes is repealed and the  
404 following is substituted in lieu thereof (*Effective July 1, 2010, and*  
405 *applicable to sales occurring on and after July 1, 2010*):

406 (a) Whenever used in this chapter:

407 (1) "Person" means and includes any individual, firm,  
408 copartnership, joint venture, association, association of persons  
409 however formed, social club, fraternal organization, corporation,  
410 limited liability company, foreign municipal electric utility as defined  
411 in section 12-59, estate, trust, fiduciary, receiver, trustee, syndicate, the  
412 United States, this state or any political subdivision thereof or any  
413 group or combination acting as a unit, and any other individual or  
414 officer acting under the authority of any court in this state.

415 (2) "Sale" and "selling" mean and include:

416 (A) Any transfer of title, exchange or barter, conditional or  
417 otherwise, in any manner or by any means whatsoever, of tangible  
418 personal property for a consideration;

419 (B) Any withdrawal, except a withdrawal pursuant to a transaction  
420 in foreign or interstate commerce, of tangible personal property from  
421 the place where it is located for delivery to a point in this state for the  
422 purpose of the transfer of title, exchange or barter, conditional or  
423 otherwise, in any manner or by any means whatsoever, of the property  
424 for a consideration;

425 (C) The producing, fabricating, processing, printing or imprinting of  
426 tangible personal property for a consideration for consumers who  
427 furnish either directly or indirectly the materials used in the  
428 producing, fabricating, processing, printing or imprinting, including,  
429 but not limited to, sign construction, photofinishing, duplicating and  
430 photocopying;

431 (D) The furnishing and distributing of tangible personal property  
432 for a consideration by social clubs and fraternal organizations to their  
433 members or others;

434 (E) The furnishing, preparing, or serving for a consideration of food,  
435 meals or drinks;

436 (F) A transaction whereby the possession of property is transferred  
437 but the seller retains the title as security for the payment of the price;

438 (G) A transfer for a consideration of the title of tangible personal  
439 property which has been produced, fabricated or printed to the special  
440 order of the customer, or of any publication, including, but not limited  
441 to, sign construction, photofinishing, duplicating and photocopying;

442 (H) A transfer for a consideration of the occupancy of any room or  
443 rooms in a hotel or lodging house for a period of thirty consecutive  
444 calendar days or less;

445 (I) The rendering of certain services, as defined in subdivision [(37)]  
446 (34) of this subsection, for a consideration, exclusive of such services  
447 rendered by an employee for the employer;

448 (J) The leasing or rental of tangible personal property of any kind  
449 whatsoever, including, but not limited to, motor vehicles, linen or  
450 towels, machinery or apparatus, office equipment and data processing  
451 equipment; [ provided for purposes of this subdivision and the  
452 application of sales and use tax to contracts of lease or rental of  
453 tangible personal property, the leasing or rental of any motion picture  
454 film by the owner or operator of a motion picture theater for purposes  
455 of display at such theater shall not constitute a sale within the meaning  
456 of this subsection;]

457 (K) The rendering of telecommunications service, as defined in  
458 subdivision (26) of this subsection, for a consideration on or after  
459 January 1, 1990, exclusive of any such service rendered by an employee  
460 for the employer of such employee, subject to the provisions related to  
461 telecommunications service in accordance with section 12-407a;

462 (L) (i) The rendering of community antenna television service, as  
463 defined in subdivision (27) of this subsection, for a consideration on or  
464 after January 1, 1990, exclusive of any such service rendered by an  
465 employee for the employer of such employee. For purposes of this  
466 chapter, "community antenna television service" includes service  
467 provided by a holder of a certificate of cable franchise authority  
468 pursuant to section 16-331p, and service provided by a community  
469 antenna television company issued a certificate of video franchise  
470 authority pursuant to section 16-331e for any service area in which it  
471 was not certified to provide community antenna television service  
472 pursuant to section 16-331 on or before October 1, 2007;

473 (ii) The rendering of certified competitive video service, as defined  
474 in subdivision [(38)] (35) of this subsection, for consideration on or  
475 after October 1, 2007, exclusive of any such service rendered by an  
476 employee for the employer of such employee;

477 (M) The transfer for consideration of space or the right to use any  
478 space for the purpose of storage or mooring of any noncommercial  
479 vessel, exclusive of dry or wet storage or mooring of such vessel  
480 during the period commencing on the first day of November in any  
481 year to and including the thirtieth day of April of the next succeeding  
482 year;

483 (N) The sale for consideration of naming rights to any place of  
484 amusement, entertainment or recreation within the meaning of  
485 subdivision (3) of section 12-540;

486 (O) The transfer for consideration of a prepaid telephone calling  
487 service, as defined in subdivision [(34)] (31) of this subsection, and the  
488 recharge of a prepaid telephone calling service, provided, if the sale or  
489 recharge of a prepaid telephone calling service does not take place at  
490 the retailer's place of business and an item is shipped by the retailer to  
491 the customer, the sale or recharge shall be deemed to take place at the  
492 customer's shipping address, but, if such sale or recharge does not take  
493 place at the retailer's place of business and no item is shipped by the  
494 retailer to the customer, the sale or recharge shall be deemed to take  
495 place at the customer's billing address or the location associated with  
496 the customer's mobile telephone number; and

497 (P) The furnishing by any person, for a consideration, of space for  
498 storage of tangible personal property when such person is engaged in  
499 the business of furnishing such space, but "sale" and "selling" do not  
500 mean or include the furnishing of space which is used by a person for  
501 residential purposes. As used in this subparagraph, "space for storage"  
502 means secure areas, such as rooms, units, compartments or containers,  
503 whether accessible from outside or from within a building, that are  
504 designated for the use of a customer, where the customer can store and  
505 retrieve property, including self-storage units, mini-storage units and  
506 areas by any other name to which the customer has either unlimited  
507 free access or free access within reasonable business hours or upon  
508 reasonable notice to the service provider to add or remove property,  
509 but does not mean the rental of an entire building, such as a

510 warehouse. For purposes of this subparagraph, furnishing space for  
511 storage shall not include general warehousing and storage, where the  
512 warehouse typically handles, stores and retrieves a customer's  
513 property using the warehouse's staff and equipment and does not  
514 allow the customer free access to the storage space and shall not  
515 include accepting specific items of property for storage, such as  
516 clothing at a dry cleaning establishment or golf bags at a golf club.

517 (3) (A) "Retail sale" or "sale at retail" means and includes a sale for  
518 any purpose other than resale in the regular course of business of  
519 tangible personal property or a transfer for a consideration of the  
520 occupancy of any room or rooms in a hotel or lodging house for a  
521 period of thirty consecutive calendar days or less, or the rendering of  
522 any service described in subdivision (2) of this subsection. The delivery  
523 in this state of tangible personal property by an owner or former  
524 owner thereof or by a factor, if the delivery is to a consumer pursuant  
525 to a retail sale made by a retailer not engaged in business in this state,  
526 is a retail sale in this state by the person making the delivery. Such  
527 person shall include the retail selling price of the property in such  
528 person's gross receipts.

529 (B) "Retail sale" or "sale at retail" does not include any sale of any  
530 tangible personal property, where, no later than one hundred twenty  
531 days after the original sale, the original purchaser sells or becomes  
532 contractually obligated to sell such property to a retailer who is  
533 contractually obligated to lease such property back to such original  
534 purchaser in a lease that is taxable under this chapter or the sale of  
535 such property by the original purchaser to the retailer who is  
536 contractually obligated to lease such property back to such original  
537 purchaser in a lease that is taxable under this chapter. If the original  
538 purchaser has paid sales or use tax on the original sale of such  
539 property to the original purchaser, such original purchaser may (i)  
540 claim a refund of such tax under the provisions of section 12-425, upon  
541 presentation of proof satisfactory to the commissioner that the mutual  
542 contractual obligations described in this subparagraph were  
543 undertaken no later than one hundred twenty days after the original

544 sale and that such tax was paid to the original retailer on the original  
545 sale and was remitted to the commissioner by such original retailer or  
546 by such original purchaser, or (ii) issue at the time of such original sale  
547 or no later than one hundred twenty days thereafter a certificate, in the  
548 form prescribed by the commissioner, to the original retailer certifying  
549 that the mutual contractual obligations described in this subparagraph  
550 have been undertaken. If such certificate is issued to the original  
551 retailer at the time of the original sale, no tax on the original sale shall  
552 be collected by the original retailer from the original purchaser. If the  
553 certificate is issued after the time of the original sale but no later than  
554 one hundred twenty days thereafter, the original retailer shall refund  
555 to the original purchaser the tax collected on the original sale and, if  
556 the original retailer has previously remitted the tax to the  
557 commissioner, the original retailer may either treat the amount so  
558 refunded as a credit against the tax due on the return next filed under  
559 this chapter, or claim a refund under section 12-425. If such certificate  
560 is issued no later than one hundred twenty days after the time of the  
561 original sale but the tangible personal property originally purchased is  
562 not, in fact, subsequently leased by the original purchaser, such  
563 original purchaser shall be liable for and be required to pay the tax due  
564 on the original sale.

565 (4) "Storage" includes any keeping or retention in this state for any  
566 purpose except sale in the regular course of business or subsequent use  
567 solely outside this state of tangible personal property purchased from  
568 a retailer.

569 (5) "Use" includes the exercise of any right or power over tangible  
570 personal property incident to the ownership of that property, except  
571 that it does not include the sale of that property in the regular course  
572 of business.

573 (6) "Storage" and "use" do not include (A) keeping, retaining or  
574 exercising any right or power over tangible personal property shipped  
575 or brought into this state for the purpose of subsequently transporting  
576 it outside the state for use thereafter solely outside the state, or for the

577 purpose of being processed, fabricated or manufactured into, attached  
578 to or incorporated into, other tangible personal property to be  
579 transported outside the state and thereafter used solely outside the  
580 state, or (B) keeping, retaining or exercising any right or power over  
581 tangible personal property acquired by the customer of a commercial  
582 printer while such property is located at the premises of the  
583 commercial printer in this state pursuant to a contract with such  
584 printer for printing and distribution of printed material if the  
585 commercial printer could have acquired such property without  
586 application of tax under this chapter.

587 (7) "Purchase" and "purchasing" means and includes: (A) Any  
588 transfer, exchange or barter, conditional or otherwise, in any manner  
589 or by any means whatsoever, of tangible personal property or of the  
590 occupancy of any room or rooms in a hotel or lodging house for a  
591 period of thirty consecutive calendar days or less for a consideration;  
592 (B) a transaction whereby the possession of property is transferred but  
593 the seller retains the title as security for the payment of the price; (C) a  
594 transfer for a consideration of tangible personal property which has  
595 been produced, fabricated or printed to the special order of the  
596 customer, or of any publication; (D) when performed outside this state  
597 or when the customer gives a resale certificate pursuant to section 12-  
598 410, the producing, fabricating, processing, printing or imprinting of  
599 tangible personal property for a consideration for consumers who  
600 furnish either directly or indirectly the materials used in the  
601 producing, fabricating, processing, printing or imprinting; (E) the  
602 acceptance or receipt of any service described in any of the  
603 subparagraphs of subdivision (2) of this subsection; (F) any leasing or  
604 rental of tangible personal property. Wherever in this chapter  
605 reference is made to the purchase or purchasing of tangible personal  
606 property, it shall be construed to include purchases as described in this  
607 subsection.

608 (8) (A) "Sales price" means the total amount for which tangible  
609 personal property is sold by a retailer, the total amount of rent for  
610 which occupancy of a room is transferred by an operator, the total

611 amount for which any service described in subdivision (2) of this  
612 subsection is rendered by a retailer or the total amount of payment or  
613 periodic payments for which tangible personal property is leased by a  
614 retailer, valued in money, whether paid in money or otherwise, which  
615 amount is due and owing to the retailer or operator and, subject to the  
616 provisions of subdivision (1) of section 12-408, whether or not actually  
617 received by the retailer or operator, without any deduction on account  
618 of any of the following: (i) The cost of the property sold; (ii) the cost of  
619 materials used, labor or service cost, interest charged, losses or any  
620 other expenses; (iii) for any sale occurring on or after July 1, 1993, any  
621 charges by the retailer to the purchaser for shipping or delivery,  
622 notwithstanding whether such charges are separately stated in a  
623 written contract, or on a bill or invoice rendered to such purchaser or  
624 whether such shipping or delivery is provided by the retailer or a third  
625 party. The provisions of subparagraph (A) (iii) of this subdivision shall  
626 not apply to any item exempt from taxation pursuant to section 12-412,  
627 as amended by this act. Such total amount includes any services that  
628 are a part of the sale; except as otherwise provided in subparagraph  
629 (B)(v) or (B)(vi) of this subdivision, any amount for which credit is  
630 given to the purchaser by the retailer, and all compensation and all  
631 employment-related expenses, whether or not separately stated, paid  
632 to or on behalf of employees of a retailer of any service described in  
633 subdivision (2) of this subsection.

634 (B) "Sales price" does not include any of the following: (i) Cash  
635 discounts allowed and taken on sales; (ii) any portion of the amount  
636 charged for property returned by purchasers, which upon rescission of  
637 the contract of sale is refunded either in cash or credit, provided the  
638 property is returned within ninety days from the date of purchase; (iii)  
639 the amount of any tax, not including any manufacturers' or importers'  
640 excise tax, imposed by the United States upon or with respect to retail  
641 sales whether imposed upon the retailer or the purchaser; (iv) the  
642 amount charged for labor rendered in installing or applying the  
643 property sold, provided such charge is separately stated and exclusive  
644 of such charge for any service rendered within the purview of  
645 subparagraph (I) of subdivision [(37)] (34) of this subsection; (v) unless

646 the provisions of subdivision (4) of section 12-430 [or of section 12-  
647 430a] are applicable, any amount for which credit is given to the  
648 purchaser by the retailer, provided such credit is given solely for  
649 property of the same kind accepted in part payment by the retailer and  
650 intended by the retailer to be resold; (vi) the full face value of any  
651 coupon used by a purchaser to reduce the price paid to a retailer for an  
652 item of tangible personal property, whether or not the retailer will be  
653 reimbursed for such coupon, in whole or in part, by the manufacturer  
654 of the item of tangible personal property or by a third party; (vii) the  
655 amount charged for separately stated compensation, fringe benefits,  
656 workers' compensation and payroll taxes or assessments paid to or on  
657 behalf of employees of a retailer who has contracted to manage a  
658 service recipient's property or business premises and renders  
659 management services described in subparagraph (I) or (J) of  
660 subdivision [(37)] (34) of this subsection, provided, the employees  
661 perform such services solely for the service recipient at its property or  
662 business premises and "sales price" shall include the separately stated  
663 compensation, fringe benefits, workers' compensation and payroll  
664 taxes or assessments paid to or on behalf of any employee of the  
665 retailer who is an officer, director or owner of more than five per cent  
666 of the outstanding capital stock of the retailer. Determination whether  
667 an employee performs services solely for a service recipient at its  
668 property or business premises for purposes of this subdivision shall be  
669 made by reference to such employee's activities during the time period  
670 beginning on the later of the commencement of the management  
671 contract, the date of the employee's first employment by the retailer or  
672 the date which is six months immediately preceding the date of such  
673 determination; [(viii) the amount charged for separately stated  
674 compensation, fringe benefits, workers' compensation and payroll  
675 taxes or assessments paid to or on behalf of (I) a leased employee, or  
676 (II) a worksite employee by a professional employer organization  
677 pursuant to a professional employer agreement. For purposes of this  
678 subparagraph, an employee shall be treated as a leased employee if the  
679 employee is provided to the client at the commencement of an  
680 agreement with an employee leasing organization under which at least

681 seventy-five per cent of the employees provided to the client at the  
682 commencement of such initial agreement qualify as leased employees  
683 pursuant to Section 414(n) of the Internal Revenue Code of 1986, or  
684 any subsequent corresponding internal revenue code of the United  
685 States, as from time to time amended, or the employee is added to the  
686 client's workforce by the employee leasing organization subsequent to  
687 the commencement of such initial agreement and qualifies as a leased  
688 employee pursuant to Section 414(n) of said Internal Revenue Code of  
689 1986 without regard to subparagraph (B) of paragraph (2) thereof. A  
690 leased employee, or a worksite employee subject to a professional  
691 employer agreement, shall not include any employee who is hired by a  
692 temporary help service and assigned to support or supplement the  
693 workforce of a temporary help service's client; (ix)] and (viii) any  
694 amount received by a retailer from a purchaser as the battery deposit  
695 that is required to be paid under subsection (a) of section 22a-245h; the  
696 refund value of a beverage container that is required to be paid under  
697 subsection (a) of section 22a-244; or a deposit that is required by law to  
698 be paid by the purchaser to the retailer and that is required by law to  
699 be refunded to the purchaser by the retailer when the same or similar  
700 tangible personal property is delivered as required by law to the  
701 retailer by the purchaser, if such amount is separately stated on the bill  
702 or invoice rendered by the retailer to the purchaser. [; and (x) the  
703 amount charged for separately stated compensation, fringe benefits,  
704 workers' compensation and payroll taxes or assessments paid to a  
705 media payroll services company, as defined in this subsection.]

706 (9) (A) "Gross receipts" means the total amount of the sales price  
707 from retail sales of tangible personal property by a retailer, the total  
708 amount of the rent from transfers of occupancy of rooms by an  
709 operator, the total amount of the sales price from retail sales of any  
710 service described in subdivision (2) of this subsection by a retailer of  
711 services, or the total amount of payment or periodic payments from  
712 leases or rentals of tangible personal property by a retailer, valued in  
713 money, whether received in money or otherwise, which amount is due  
714 and owing to the retailer or operator and, subject to the provisions of  
715 subdivision (1) of section 12-408, whether or not actually received by

716 the retailer or operator, without any deduction on account of any of  
717 the following: (i) The cost of the property sold; however, in accordance  
718 with such regulations as the Commissioner of Revenue Services may  
719 prescribe, a deduction may be taken if the retailer has purchased  
720 property for some other purpose than resale, has reimbursed the  
721 retailer's vendor for tax which the vendor is required to pay to the  
722 state or has paid the use tax with respect to the property, and has  
723 resold the property prior to making any use of the property other than  
724 retention, demonstration or display while holding it for sale in the  
725 regular course of business. If such a deduction is taken by the retailer,  
726 no refund or credit will be allowed to the retailer's vendor with respect  
727 to the sale of the property; (ii) the cost of the materials used, labor or  
728 service cost, interest paid, losses or any other expense; (iii) for any sale  
729 occurring on or after July 1, 1993, except for any item exempt from  
730 taxation pursuant to section 12-412, as amended by this act, any  
731 charges by the retailer to the purchaser for shipping or delivery,  
732 notwithstanding whether such charges are separately stated in the  
733 written contract, or on a bill or invoice rendered to such purchaser or  
734 whether such shipping or delivery is provided by the retailer or a third  
735 party. The total amount of the sales price includes any services that are  
736 a part of the sale; all receipts, cash, credits and property of any kind;  
737 except as otherwise provided in subparagraph (B)(v) or (B)(vi) of this  
738 subdivision, any amount for which credit is allowed by the retailer to  
739 the purchaser; and all compensation and all employment-related  
740 expenses, whether or not separately stated, paid to or on behalf of  
741 employees of a retailer of any service described in subdivision (2) of  
742 this subsection.

743 (B) "Gross receipts" do not include any of the following: (i) Cash  
744 discounts allowed and taken on sales; (ii) any portion of the sales price  
745 of property returned by purchasers, which upon rescission of the  
746 contract of sale is refunded either in cash or credit, provided the  
747 property is returned within ninety days from the date of sale; (iii) the  
748 amount of any tax, not including any manufacturers' or importers'  
749 excise tax, imposed by the United States upon or with respect to retail  
750 sales whether imposed upon the retailer or the purchaser; (iv) the

751 amount charged for labor rendered in installing or applying the  
752 property sold, provided such charge is separately stated and exclusive  
753 of such charge for any service rendered within the purview of  
754 subparagraph (I) of subdivision [(37)] (34) of this subsection; (v) unless  
755 the provisions of subdivision (4) of section 12-430 [or of section 12-  
756 430a] are applicable, any amount for which credit is given to the  
757 purchaser by the retailer, provided such credit is given solely for  
758 property of the same kind accepted in part payment by the retailer and  
759 intended by the retailer to be resold; (vi) the full face value of any  
760 coupon used by a purchaser to reduce the price paid to the retailer for  
761 an item of tangible personal property, whether or not the retailer will  
762 be reimbursed for such coupon, in whole or in part, by the  
763 manufacturer of the item of tangible personal property or by a third  
764 party; (vii) the amount charged for separately stated compensation,  
765 fringe benefits, workers' compensation and payroll taxes or  
766 assessments paid to or on behalf of employees of a retailer who has  
767 contracted to manage a service recipient's property or business  
768 premises and renders management services described in subparagraph  
769 (I) or (J) of subdivision [(37)] (34) of this subsection, provided the  
770 employees perform such services solely for the service recipient at its  
771 property or business premises and "gross receipts" shall include the  
772 separately stated compensation, fringe benefits, workers'  
773 compensation and payroll taxes or assessments paid to or on behalf of  
774 any employee of the retailer who is an officer, director or owner of  
775 more than five per cent of the outstanding capital stock of the retailer.  
776 Determination whether an employee performs services solely for a  
777 service recipient at its property or business premises for purposes of  
778 this subdivision shall be made by reference to such employee's  
779 activities during the time period beginning on the later of the  
780 commencement of the management contract, the date of the  
781 employee's first employment by the retailer or the date which is six  
782 months immediately preceding the date of such determination; [(viii)  
783 the amount charged for separately stated compensation, fringe  
784 benefits, workers' compensation and payroll taxes or assessments paid  
785 to or on behalf of (I) a leased employee, or (II) a worksite employee by

786 a professional employer organization pursuant to a professional  
787 employer agreement. For purposes of this subparagraph, an employee  
788 shall be treated as a leased employee if the employee is provided to the  
789 client at the commencement of an agreement with an employee leasing  
790 organization under which at least seventy-five per cent of the  
791 employees provided to the client at the commencement of such initial  
792 agreement qualify as leased employees pursuant to Section 414(n) of  
793 the Internal Revenue Code of 1986, or any subsequent corresponding  
794 internal revenue code of the United States, as from time to time  
795 amended, or the employee is added to the client's workforce by the  
796 employee leasing organization subsequent to the commencement of  
797 such initial agreement and qualifies as a leased employee pursuant to  
798 Section 414(n) of said Internal Revenue Code of 1986 without regard to  
799 subparagraph (B) of paragraph (2) thereof. A leased employee, or a  
800 worksite employee subject to a professional employer agreement, shall  
801 not include any employee who is hired by a temporary help service  
802 and assigned to support or supplement the workforce of a temporary  
803 help service's client; (ix)] and (viii) the amount received by a retailer  
804 from a purchaser as the battery deposit that is required to be paid  
805 under subsection (a) of section 22a-256h; the refund value of a  
806 beverage container that is required to be paid under subsection (a) of  
807 section 22a-244 or a deposit that is required by law to be paid by the  
808 purchaser to the retailer and that is required by law to be refunded to  
809 the purchaser by the retailer when the same or similar tangible  
810 personal property is delivered as required by law to the retailer by the  
811 purchaser, if such amount is separately stated on the bill or invoice  
812 rendered by the retailer to the purchaser. [; and (x) the amount charged  
813 for separately stated compensation, fringe benefits, workers'  
814 compensation and payroll taxes or assessments paid to a media payroll  
815 services company, as defined in this subsection.]

816 (10) "Business" includes any activity engaged in by any person or  
817 caused to be engaged in by any person with the object of gain, benefit  
818 or advantage, either direct or indirect.

819 (11) "Seller" includes every person engaged in the business of selling

820 tangible personal property or rendering any service described in any of  
821 the subparagraphs of subdivision (2) of this subsection, the gross  
822 receipts from the retail sale of which are required to be included in the  
823 measure of the sales tax and every operator as defined in subdivision  
824 (18) of this subsection.

825 (12) "Retailer" includes: (A) Every person engaged in the business of  
826 making sales at retail or in the business of making retail sales at  
827 auction of tangible personal property owned by the person or others;  
828 (B) every person engaged in the business of making sales for storage,  
829 use or other consumption or in the business of making sales at auction  
830 of tangible personal property owned by the person or others for  
831 storage, use or other consumption; (C) every operator, as defined in  
832 subdivision (18) of this subsection; (D) every seller rendering any  
833 service described in subdivision (2) of this subsection; (E) every person  
834 under whom any salesman, representative, peddler or canvasser  
835 operates in this state, or from whom such salesman, representative,  
836 peddler or canvasser obtains the tangible personal property that is  
837 sold; (F) every person with whose assistance any seller is enabled to  
838 solicit orders within this state; (G) every person making retail sales  
839 from outside this state to a destination within this state and not  
840 maintaining a place of business in this state who engages in regular or  
841 systematic solicitation of sales of tangible personal property in this  
842 state (i) by the display of advertisements on billboards or other  
843 outdoor advertising in this state, (ii) by the distribution of catalogs,  
844 periodicals, advertising flyers or other advertising by means of print,  
845 radio or television media, or (iii) by mail, telegraphy, telephone,  
846 computer data base, cable, optic, microwave or other communication  
847 system, for the purpose of effecting retail sales of tangible personal  
848 property, provided such person has made one hundred or more retail  
849 sales from outside this state to destinations within this state during the  
850 twelve-month period ended on the September thirtieth immediately  
851 preceding the monthly or quarterly period with respect to which such  
852 person's liability for tax under this chapter is determined; (H) any  
853 person owned or controlled, either directly or indirectly, by a retailer  
854 engaged in business in this state which is the same as or similar to the

855 line of business in which such person so owned or controlled is  
856 engaged; (I) any person owned or controlled, either directly or  
857 indirectly, by the same interests that own or control, either directly or  
858 indirectly, a retailer engaged in business in this state which is the same  
859 as or similar to the line of business in which such person so owned or  
860 controlled is engaged; (J) any assignee of a person engaged in the  
861 business of leasing tangible personal property to others, where leased  
862 property of such person which is subject to taxation under this chapter  
863 is situated within this state and such assignee has a security interest, as  
864 defined in subdivision (35) of subsection (b) of section 42a-1-201, in  
865 such property; and (K) every person making retail sales of items of  
866 tangible personal property from outside this state to a destination  
867 within this state and not maintaining a place of business in this state  
868 who repairs or services such items, under a warranty, in this state,  
869 either directly or indirectly through an agent, independent contractor  
870 or subsidiary.

871 (13) "Tangible personal property" means personal property which  
872 may be seen, weighed, measured, felt or touched or which is in any  
873 other manner perceptible to the senses including canned or prewritten  
874 computer software. Tangible personal property includes the  
875 distribution, generation or transmission of electricity.

876 (14) "In this state" or "in the state" means within the exterior limits of  
877 the state of Connecticut and includes all territory within these limits  
878 owned by or ceded to the United States of America.

879 (15) (A) "Engaged in business in the state" means and includes but  
880 shall not be limited to the following acts or methods of transacting  
881 business: (i) Selling in this state, or any activity in this state in  
882 connection with selling in this state, tangible personal property for use,  
883 storage or consumption within the state; (ii) engaging in the transfer  
884 for a consideration of the occupancy of any room or rooms in a hotel or  
885 lodging house for a period of thirty consecutive calendar days or less;  
886 (iii) rendering in this state any service described in any of the  
887 subparagraphs of subdivision (2) of this subsection; (iv) maintaining,

888 occupying or using, permanently or temporarily, directly or indirectly,  
889 through a subsidiary or agent, by whatever name called, any office,  
890 place of distribution, sales or sample room or place, warehouse or  
891 storage point or other place of business or having any representative,  
892 agent, salesman, canvasser or solicitor operating in this state for the  
893 purpose of selling, delivering or taking orders; (v) notwithstanding the  
894 fact that retail sales are made from outside this state to a destination  
895 within this state and that a place of business is not maintained in this  
896 state, engaging in regular or systematic solicitation of sales of tangible  
897 personal property in this state by the display of advertisements on  
898 billboards or other outdoor advertising in this state, by the distribution  
899 of catalogs, periodicals, advertising flyers or other advertising by  
900 means of print, radio or television media, or by mail, telegraphy,  
901 telephone, computer data base, cable, optic, microwave or other  
902 communication system, for the purpose of effecting retail sales of  
903 tangible personal property, provided one hundred or more retail sales  
904 from outside this state to destinations within this state are made  
905 during the twelve-month period ended on the September thirtieth  
906 immediately preceding the monthly or quarterly period with respect to  
907 which liability for tax under this chapter is determined; (vi) being  
908 owned or controlled, either directly or indirectly, by a retailer engaged  
909 in business in this state which is the same as or similar to the line of  
910 business in which the retailer so owned or controlled is engaged; (vii)  
911 being owned or controlled, either directly or indirectly, by the same  
912 interests that own or control, either directly or indirectly, a retailer  
913 engaged in business in this state which is the same as or similar to the  
914 line of business in which the retailer so owned or controlled is  
915 engaged; (viii) being the assignee of a person engaged in the business  
916 of leasing tangible personal property to others, where leased property  
917 of such person is situated within this state and such assignee has a  
918 security interest, as defined in subdivision (35) of subsection (b) of  
919 section 42a-1-201, in such property; and (ix) notwithstanding the fact  
920 that retail sales of items of tangible personal property are made from  
921 outside this state to a destination within this state and that a place of  
922 business is not maintained in this state, repairing or servicing such

923 items, under a warranty, in this state, either directly or indirectly  
924 through an agent, independent contractor or subsidiary.

925 (B) A retailer who has contracted with a commercial printer for  
926 printing and distribution of printed material shall not be deemed to be  
927 engaged in business in this state because of the ownership or leasing  
928 by the retailer of tangible or intangible personal property located at the  
929 premises of the commercial printer in this state, the sale by the retailer  
930 of property of any kind produced or processed at and shipped or  
931 distributed from the premises of the commercial printer in this state,  
932 the activities of the retailer's employees or agents at the premises of the  
933 commercial printer in this state, which activities relate to quality  
934 control, distribution or printing services performed by the printer, or  
935 the activities of any kind performed by the commercial printer in this  
936 state for or on behalf of the retailer.

937 (C) A retailer not otherwise a retailer engaged in business in the  
938 state who purchases fulfillment services carried on in this state by a  
939 person other than an affiliated person, or who owns tangible personal  
940 property located on the premises of an unaffiliated person performing  
941 fulfillment services for such retailer shall not be deemed to be engaged  
942 in business in the state. For purposes of this subparagraph, persons are  
943 affiliated persons with respect to each other where one of such persons  
944 has an ownership interest of more than five per cent, whether direct or  
945 indirect, in the other, or where an ownership interest of more than five  
946 per cent, whether direct or indirect, is held in each of such persons by  
947 another person or by a group of other persons who are affiliated  
948 persons with respect to each other. For purposes of this subparagraph,  
949 "fulfillment services" means services that are performed by a person on  
950 its premises on behalf of a purchaser of such services and that involve  
951 the receipt of orders from the purchaser of such services or an agent  
952 thereof, which orders are to be filled by the person from an inventory  
953 of products that are offered for sale by the purchaser of such services,  
954 and the shipment of such orders to customers of the purchaser of such  
955 services.

956 (D) A retailer not otherwise a retailer engaged in business in this  
957 state that participates in a trade show or shows at the convention  
958 center, as defined in subdivision (3) of section 32-600, shall not be  
959 deemed to be engaged in business in this state, regardless of whether  
960 the retailer has employees or other staff present at such trade shows,  
961 provided the retailer's activity at such trade shows is limited to  
962 displaying goods or promoting services, no sales are made, any orders  
963 received are sent outside this state for acceptance or rejection and are  
964 filled from outside this state, and provided further that such  
965 participation is not more than fourteen days, or part thereof, in the  
966 aggregate during the retailer's income year for federal income tax  
967 purposes.

968 (16) "Hotel" means any building regularly used and kept open as  
969 such for the feeding and lodging of guests where any person who  
970 conducts himself properly and who is able and ready to pay for such  
971 services is received if there are accommodations for such person and  
972 which derives the major portion of its operating receipts from the  
973 renting of rooms and the sale of food. "Hotel" shall include any  
974 apartment hotel wherein apartments are rented for fixed periods of  
975 time, furnished or unfurnished, while the keeper of such hotel supplies  
976 food to the occupants thereof, if required.

977 (17) "Lodging house" means any building or portion of a building,  
978 other than a hotel or apartment hotel, in which persons are lodged for  
979 hire with or without meals, including, but not limited to, any motel,  
980 motor court, motor inn, tourist court or similar accommodation;  
981 provided the terms "hotel", "apartment hotel" and "lodging house"  
982 shall not be construed to include: (A) Privately owned and operated  
983 convalescent homes, residential care homes, homes for the infirm,  
984 indigent or chronically ill; (B) religious or charitable homes for the  
985 aged, infirm, indigent or chronically ill; (C) privately owned and  
986 operated summer camps for children; (D) summer camps for children  
987 operated by religious or charitable organizations; (E) lodging  
988 accommodations at educational institutions; or (F) lodging  
989 accommodations at any facility operated by and in the name of any

990 nonprofit charitable organization, provided the income from such  
991 lodging accommodations at such facility is not subject to federal  
992 income tax.

993 (18) "Operator" means any person operating a hotel or lodging  
994 house in the state, including, but not limited to, the owner or  
995 proprietor of such premises, lessee, sublessee, mortgagee in  
996 possession, licensee or any other person otherwise operating such  
997 hotel or lodging house.

998 (19) "Occupancy" means the use or possession, or the right to the  
999 use or possession, of any room or rooms in a hotel or lodging house or  
1000 the right to the use or possession of the furnishings or the services and  
1001 accommodations accompanying the use and possession of such room  
1002 or rooms, for the first period of not exceeding thirty consecutive  
1003 calendar days.

1004 (20) "Room" means any room or rooms of any kind in any part or  
1005 portion of a hotel or lodging house let out for use or possession for  
1006 lodging purposes.

1007 (21) "Rent" means the consideration received for occupancy valued  
1008 in money, whether received in money or otherwise, including all  
1009 receipts, cash, credits and property or services of any kind or nature,  
1010 and also any amount for which credit is allowed by the operator to the  
1011 occupant, without any deduction therefrom whatsoever.

1012 (22) "Certificated air carrier" means a person issued a certificate or  
1013 certificates by the Federal Aviation Administration pursuant to Title  
1014 14, Chapter I, Subchapter G, Part 121, 135, 139 or 141 of the Code of  
1015 Federal Regulations or the Civil Aeronautics Board pursuant to Title  
1016 14, Chapter II, Subchapter A, Parts 201 to 208, inclusive, and 298 of the  
1017 Code of Federal Regulations, as such regulations may hereafter be  
1018 amended or reclassified.

1019 (23) "Aircraft" means aircraft, as the term is defined in section 15-34.

1020 (24) "Vessel" means vessel, as the term is defined in section 15-127.

1021 (25) "Licensed marine dealer" means a marine dealer, as the term is  
1022 defined in section 15-141, who has been issued a marine dealer's  
1023 certificate by the Commissioner of Environmental Protection.

1024 (26) (A) "Telecommunications service" means the electronic  
1025 transmission, conveyance or routing of voice, image, data audio, video  
1026 or any other information or signals to a point or between or among  
1027 points. "Telecommunications service" includes such transmission,  
1028 conveyance or routing in which computer processing applications are  
1029 used to act on the form, code or protocol of the content for purposes of  
1030 transmission, conveyance or routing without regard to whether such  
1031 service is referred to as a voice over Internet protocol service or is  
1032 classified by the Federal Communications Commission as enhanced or  
1033 value added. "Telecommunications service" does not include (i) value-  
1034 added nonvoice data services, (ii) radio and television audio and video  
1035 programming services, regardless of the medium, including the  
1036 furnishing of transmission, conveyance or routing of such services by  
1037 the programming service provider. Radio and television audio and  
1038 video programming services shall include, but not be limited to, cable  
1039 service as defined in 47 USC 522(6), audio and video programming  
1040 services delivered by commercial mobile radio service providers, as  
1041 defined in 47 CFR 20, and video programming service by certified  
1042 competitive video service providers, (iii) any telecommunications  
1043 service (I) rendered by a company in control of such service when  
1044 rendered for private use within its organization, or (II) used, allocated  
1045 or distributed by a company within its organization, including in such  
1046 organization affiliates, as defined in section 33-840, for the purpose of  
1047 conducting business transactions of the organization if such service is  
1048 purchased or leased from a company rendering telecommunications  
1049 service and such purchase or lease is subject to tax under this chapter,  
1050 (iv) access or interconnection service purchased by a provider of  
1051 telecommunications service from another provider of such service for  
1052 purposes of rendering such service, provided the purchaser submits to  
1053 the seller a certificate attesting to the applicability of this exclusion,  
1054 upon receipt of which the seller is relieved of any tax liability for such  
1055 sale so long as the certificate is taken in good faith by the seller, (v)

1056 data processing and information services that allow data to be  
1057 generated, acquired, stored, processed or retrieved and delivered by  
1058 an electronic transmission to a purchaser where such purchaser's  
1059 primary purpose for the underlying transaction is the processed data  
1060 or information, (vi) installation or maintenance of wiring equipment  
1061 on a customer's premises, (vii) tangible personal property, (viii)  
1062 advertising, including, but not limited to, directory advertising, (ix)  
1063 billing and collection services provided to third parties, (x) Internet  
1064 access service, (xi) ancillary services, and (xii) digital products  
1065 delivered electronically, including, but not limited to, software, music,  
1066 video, reading materials or ring tones.

1067 (B) For purposes of the tax imposed under this chapter (i) gross  
1068 receipts from the rendering of telecommunications service shall  
1069 include any subscriber line charge or charges as required by the  
1070 Federal Communications Commission and any charges for access  
1071 service collected by any person rendering such service unless  
1072 otherwise excluded from such gross receipts under this chapter, and  
1073 such gross receipts from the rendering of telecommunications service  
1074 shall also include any charges for vertical service, for the installation or  
1075 maintenance of wiring equipment on a customer's premises, and for  
1076 directory assistance service; (ii) gross receipts from the rendering of  
1077 telecommunications service shall not include any local charge for calls  
1078 from public or semipublic telephones; and (iii) gross receipts from the  
1079 rendering of telecommunications service shall not include any charge  
1080 for calls purchased using a prepaid telephone calling service, as  
1081 defined in subdivision [(34)] (31) of this subsection.

1082 (27) "Community antenna television service" means (A) the one-way  
1083 transmission to subscribers of video programming or information by  
1084 cable, fiber optics, satellite, microwave or any other means, and  
1085 subscriber interaction, if any, which is required for the selection of  
1086 such video programming or information, and (B) noncable  
1087 communications service, as defined in section 16-1. [, unless such  
1088 noncable communications service is purchased by a cable network as  
1089 that term is used in subsection (l) of section 12-218.]

1090 (28) "Hospital" means a hospital included within the definition of  
1091 health care facilities or institutions under section 19a-630 and licensed  
1092 as a short-term general hospital by the Department of Public Health  
1093 but, does not include (A) any hospital which, on January 30, 1997, is  
1094 within the class of hospitals licensed by the department as children's  
1095 general hospitals, or (B) a short-term acute hospital operated  
1096 exclusively by the state other than a short-term acute hospital operated  
1097 by the state as a receiver pursuant to chapter 920.

1098 (29) "Patient care services" means therapeutic and diagnostic  
1099 medical services provided by the hospital to inpatients and outpatients  
1100 including tangible personal property transferred in connection with  
1101 such services.

1102 (30) "Another state" or "other state" means any state of the United  
1103 States or the District of Columbia excluding the state of Connecticut.

1104 [(31) "Professional employer agreement" means a written contract  
1105 between a professional employer organization and a service recipient  
1106 whereby the professional employer organization agrees to provide at  
1107 least seventy-five per cent of the employees at the service recipient's  
1108 worksite, which contract provides that such worksite employees are  
1109 intended to be permanent employees rather than temporary  
1110 employees, and employer responsibilities for such worksite  
1111 employees, including hiring, firing and disciplining, are allocated  
1112 between the professional employer organization and the service  
1113 recipient.

1114 (32) "Professional employer organization" means any person that  
1115 enters into a professional employer agreement with a service recipient  
1116 whereby the professional employer organization agrees to provide at  
1117 least seventy-five per cent of the employees at the service recipient's  
1118 worksite.

1119 (33) "Worksite employee" means an employee, the employer  
1120 responsibilities for which, including hiring, firing and disciplining, are  
1121 allocated, under a professional employer agreement, between a

1122 professional employer organization and a service recipient.]

1123 [(34)] (31) "Prepaid telephone calling service" means the right to  
1124 exclusively purchase telecommunications service, that must be paid for  
1125 in advance and that enables the origination of calls using an access  
1126 number or authorization code, or both, whether manually or  
1127 electronically dialed, provided the remaining amount of units of  
1128 service that have been prepaid shall be known on a continuous basis.

1129 [(35)] (32) "Canned or prewritten software" means all software,  
1130 other than custom software, that is held or existing for general or  
1131 repeated sale, license or lease. Software initially developed as custom  
1132 software for in-house use and subsequently sold, licensed or leased to  
1133 unrelated third parties shall be considered canned or prewritten  
1134 software.

1135 [(36)] (33) "Custom software" means a computer program prepared  
1136 to the special order of a single customer.

1137 [(37)] (34) "Services" for purposes of subdivision (2) of this  
1138 subsection, means:

1139 (A) Computer and data processing services, including, but not  
1140 limited to, time, programming, code writing, modification of existing  
1141 programs, feasibility studies and installation and implementation of  
1142 software programs and systems even where such services are rendered  
1143 in connection with the development, creation or production of canned  
1144 or custom software or the license of custom software, and exclusive of  
1145 services rendered in connection with the creation, development  
1146 hosting or maintenance of all or part of a web site which is part of the  
1147 graphical, hypertext portion of the Internet, commonly referred to as  
1148 the World Wide Web;

1149 (B) Credit information and reporting services;

1150 (C) Services by employment agencies and agencies providing  
1151 personnel services;

1152 (D) Private investigation, protection, patrol work, watchman and  
1153 armored car services, exclusive of [(i) services of off-duty police  
1154 officers and off-duty firefighters, and (ii)] coin and currency services  
1155 provided to a financial services company by or through another  
1156 financial services company. For purposes of this subparagraph,  
1157 "financial services company" has the same meaning as provided under  
1158 subparagraphs (A) to (H), inclusive, of subdivision (6) of subsection (a)  
1159 of section 12-218b;

1160 (E) Painting and lettering services;

1161 (F) Photographic studio services;

1162 (G) Telephone answering services;

1163 (H) Stenographic services;

1164 (I) Services to industrial, commercial or income-producing real  
1165 property, including, but not limited to, such services as management,  
1166 electrical, plumbing, painting and carpentry and excluding any such  
1167 services rendered in the voluntary evaluation, prevention, treatment,  
1168 containment or removal of hazardous waste, as defined in section  
1169 22a-115, or other contaminants of air, water or soil, provided  
1170 income-producing property shall not include property used  
1171 exclusively for residential purposes in which the owner resides and  
1172 which contains no more than three dwelling units, or a housing facility  
1173 for low and moderate income families and persons owned or operated  
1174 by a nonprofit housing organization, as defined in subdivision (29) of  
1175 section 12-412;

1176 (J) Business analysis, management, management consulting and  
1177 public relations services, excluding (i) any environmental consulting  
1178 services, [(ii) any training services provided by an institution of higher  
1179 education licensed or accredited by the Board of Governors of Higher  
1180 Education pursuant to section 10a-34, and (iii)] and (ii) on and after  
1181 January 1, 1994, any business analysis, management, management  
1182 consulting and public relations services when such services are

1183 rendered in connection with an aircraft leased or owned by a  
1184 certificated air carrier or in connection with an aircraft which has a  
1185 maximum certificated take-off weight of six thousand pounds or more;

1186 (K) Services providing "piped-in" music to business or professional  
1187 establishments;

1188 (L) Flight instruction and chartering services by a certificated air  
1189 carrier on an aircraft, the use of which for such purposes, but for the  
1190 provisions of subdivision (4) of section 12-410 and subdivision (12) of  
1191 section 12-411, would be deemed a retail sale and a taxable storage or  
1192 use, respectively, of such aircraft by such carrier;

1193 (M) Motor vehicle repair services, including any type of repair,  
1194 painting or replacement related to the body or any of the operating  
1195 parts of a motor vehicle;

1196 (N) Motor vehicle parking, including the provision of space, other  
1197 than metered space, in a lot having thirty or more spaces; [, excluding  
1198 (i) space in a seasonal parking lot provided by a person who is exempt  
1199 from taxation under this chapter pursuant to subdivision (1), (5) or (8)  
1200 of section 12-412, (ii) space in a parking lot owned or leased under the  
1201 terms of a lease of not less than ten years' duration and operated by an  
1202 employer for the exclusive use of its employees, (iii) valet parking  
1203 provided at any airport, and (iv) space in municipally-operated  
1204 railroad parking facilities in municipalities located within an area of  
1205 the state designated as a severe nonattainment area for ozone under  
1206 the federal Clean Air Act or space in a railroad parking facility in a  
1207 municipality located within an area of the state designated as a severe  
1208 nonattainment area for ozone under the federal Clean Air Act owned  
1209 or operated by the state on or after April 1, 2000;]

1210 (O) Radio or television repair services;

1211 (P) Furniture reupholstering and repair services;

1212 (Q) Repair services to any electrical or electronic device, including,  
1213 but not limited to, equipment used for purposes of refrigeration or

1214 air-conditioning;

1215 (R) Lobbying or consulting services for purposes of representing the  
1216 interests of a client in relation to the functions of any governmental  
1217 entity or instrumentality;

1218 (S) Services of the agent of any person in relation to the sale of any  
1219 item of tangible personal property for such person; [, exclusive of the  
1220 services of a consignee selling works of art, as defined in subsection (b)  
1221 of section 12-376c, or articles of clothing or footwear intended to be  
1222 worn on or about the human body other than (i) any special clothing  
1223 or footwear primarily designed for athletic activity or protective use  
1224 and which is not normally worn except when used for the athletic  
1225 activity or protective use for which it was designed, and (ii) jewelry,  
1226 handbags, luggage, umbrellas, wallets, watches and similar items  
1227 carried on or about the human body but not worn on the body in the  
1228 manner characteristic of clothing intended for exemption under  
1229 subdivision (47) of section 12-412, under consignment, exclusive of  
1230 services provided by an auctioneer;]

1231 (T) Locksmith services;

1232 (U) Advertising or public relations services, including layout, art  
1233 direction, graphic design, mechanical preparation or production  
1234 supervision, not related to the development of media advertising or  
1235 cooperative direct mail advertising;

1236 (V) Landscaping and horticulture services;

1237 (W) Window cleaning services;

1238 (X) Maintenance services;

1239 (Y) Janitorial services;

1240 (Z) Exterminating services;

1241 (AA) Swimming pool cleaning and maintenance services;

1242 (BB) Miscellaneous personal services included in industry group 729  
1243 in the Standard Industrial Classification Manual, United States Office  
1244 of Management and Budget, 1987 edition, or U.S. industry 532220,  
1245 812191, 812199 or 812990 in the North American Industrial  
1246 Classification System United States Manual, United States Office of  
1247 Management and Budget, 1997 edition; [, exclusive of (i) services  
1248 rendered by massage therapists licensed pursuant to chapter 384a, and  
1249 (ii) services rendered by an electrologist licensed pursuant to chapter  
1250 388;]

1251 (CC) Any repair or maintenance service to any item of tangible  
1252 personal property including any contract of warranty or service related  
1253 to any such item;

1254 (DD) Business analysis, management or managing consulting  
1255 services rendered by a general partner, or an affiliate thereof, to a  
1256 limited partnership, provided (i) the general partner, or an affiliate  
1257 thereof, is compensated for the rendition of such services other than  
1258 through a distributive share of partnership profits or an annual  
1259 percentage of partnership capital or assets established in the limited  
1260 partnership's offering statement, and (ii) the general partner, or an  
1261 affiliate thereof, offers such services to others, including any other  
1262 partnership. As used in this subparagraph "an affiliate of a general  
1263 partner" means an entity which is directly or indirectly owned fifty per  
1264 cent or more in common with a general partner;

1265 (EE) Notwithstanding the provisions of section 12-412, as amended  
1266 by this act, except subdivision (87) of said section 12-412, patient care  
1267 services, as defined in subdivision (29) of this subsection by a hospital,  
1268 except that "sale" and "selling" does not include such patient care  
1269 services for which payment is received by the hospital during the  
1270 period commencing July 1, 2001, and ending June 30, 2003;

1271 (FF) Health and athletic club services, exclusive of (i) any such  
1272 services provided without any additional charge which are included in  
1273 any dues or initiation fees paid to any such club, which dues or fees  
1274 are subject to tax under section 12-543, (ii) any such services provided

1275 by a municipality or an organization that is described in Section 501(c)  
1276 of the Internal Revenue Code of 1986, or any subsequent  
1277 corresponding internal revenue code of the United States, as from time  
1278 to time amended, and (iii) yoga instruction provided at a yoga studio;

1279 (GG) Car washing services;

1280 (HH) Tax preparation services; and

1281 (II) Amusement and recreation services included in major group 79  
1282 in the Standard Industrial Classification Manual, United States Office  
1283 of Management and Budget, 1987 edition, or sector 71 in the North  
1284 American Industrial Classification System United States Manual,  
1285 United States Office of Management and Budget, 1997 edition,  
1286 excluding dance lessons and any such service provided (i) by a person  
1287 who is exempt from taxation under this chapter pursuant to subdivision  
1288 (1), (5) or (8) of section 12-412, as amended by this act, or in a facility  
1289 owned or managed by a person who is exempt from taxation under  
1290 this chapter pursuant to subdivision (1) of section 12-412, except when  
1291 the service entitles the patron to participate in an athletic or sporting  
1292 activity that is not organized exclusively for patrons under the age of  
1293 nineteen, and (ii) without any additional charge, dues or initiation fees  
1294 paid to any retailer, which charge, dues or fees are subject to the tax  
1295 imposed under section 12-541 or 12-543.

1296 [(38) "Media payroll services company" means a retailer whose  
1297 principal business activity is the management and payment of  
1298 compensation, fringe benefits, workers' compensation, payroll taxes or  
1299 assessments to individuals providing services to an eligible production  
1300 company pursuant to section 12-217jj.]

1301 [(39)] (35) "Certified competitive video service" means video  
1302 programming service provided through wireline facilities, a portion of  
1303 which are located in the public right-of-way, without regard to  
1304 delivery technology, including Internet protocol technology. "Certified  
1305 competitive video service" does not include any video programming  
1306 provided by a commercial mobile service provider, as defined in 47

1307 USC 332(d); any video programming provided as part of community  
1308 antenna television service; any video programming provided as part  
1309 of, and via, a service that enables users to access content, information,  
1310 electronic mail or other services over the Internet.

1311 [(40)] (36) "Directory assistance" means an ancillary service of  
1312 providing telephone number information or address information.

1313 [(41)] (37) "Vertical service" means an ancillary service that is offered  
1314 in connection with one or more telecommunications services, offering  
1315 advanced calling features that allow customers to identify callers and  
1316 to manage multiple calls and call connections, including conference  
1317 bridging services.

1318 (b) Wherever in this chapter reference is made to the sale of tangible  
1319 personal property or services, it shall be construed to include sales  
1320 described in subdivision (2) of subsection (a) of this section, except as  
1321 may be specifically provided to the contrary.

1322 Sec. 13. Section 12-407e of the general statutes is repealed and the  
1323 following is substituted in lieu thereof (*Effective July 1, 2009*):

1324 [From] (a) Except as otherwise provided in subsection (b) of this  
1325 section, from the third Sunday in August until the Saturday next  
1326 succeeding, inclusive, the provisions of this chapter shall not apply to  
1327 sales of any article of clothing or footwear intended to be worn on or  
1328 about the human body the cost of which article to the purchaser is less  
1329 than three hundred dollars. For purposes of this section, clothing or  
1330 footwear shall not include (1) any special clothing or footwear  
1331 primarily designed for athletic activity or protective use and which is  
1332 not normally worn except when used for the athletic activity or  
1333 protective use for which it was designed, and (2) jewelry, handbags,  
1334 luggage, umbrellas, wallets, watches and similar items carried on or  
1335 about the human body but not worn on the body in the manner  
1336 characteristic of clothing intended for exemption under this section.

1337 (b) The provisions of subsection (a) of this section shall not apply to

1338 sales of articles described in said subsection (a) from the third Sunday  
1339 in August until the Saturday next succeeding during the calendar  
1340 years 2009 and 2010.

1341 Sec. 14. Subdivision (5) of section 12-412 of the general statutes is  
1342 repealed and the following is substituted in lieu thereof (*Effective July*  
1343 *1, 2010, and applicable to sales occurring on and after July 1, 2010*):

1344 (5) [(A)] Sales of tangible personal property or services to [and by]  
1345 nonprofit charitable hospitals in this state, nonprofit nursing homes,  
1346 nonprofit rest homes and nonprofit residential care homes licensed by  
1347 the state pursuant to chapter 368v for the exclusive purposes of such  
1348 institutions except any such service transaction as described in  
1349 subparagraph (EE) of subdivision [(37)] (34) of subsection (a) of section  
1350 12-407.

1351 [(B) Sales of tangible personal property by any organization that is  
1352 exempt from federal income tax under Section 501(a) of the Internal  
1353 Revenue Code of 1986, or any subsequent corresponding internal  
1354 revenue code of the United States, as from time to time amended, and  
1355 that the United States Treasury Department has expressly determined,  
1356 by letter, to be an organization that is described in Section 501(c)(3) of  
1357 said internal revenue code, which sales are made on the premises of a  
1358 hospital.

1359 (C) Sales of tangible personal property or services to an acute care,  
1360 for-profit hospital, operating as an acute care, for-profit hospital as of  
1361 May 12, 2004, for the purposes of such institution in connection with  
1362 the constructing and equipping of any facility of such hospital for  
1363 which a certificate of need was filed before, and is pending on, May 12,  
1364 2004.]

1365 Sec. 15. Section 12-430 of the general statutes is repealed and the  
1366 following is substituted in lieu thereof (*Effective July 1, 2010, and*  
1367 *applicable to sales occurring on and after July 1, 2010*):

1368 (1) The commissioner, whenever he deems it necessary to insure

1369 compliance with this chapter, may require any person subject thereto  
1370 to deposit with him such security as the commissioner determines. The  
1371 amount of the security shall be fixed by the commissioner but shall not  
1372 be greater than six times the person's estimated average liability for the  
1373 period for which he files returns, determined in such manner as the  
1374 commissioner deems proper. The amount of the security may be  
1375 increased or decreased by the commissioner subject to the limitations  
1376 herein provided. The commissioner may sell the security at public  
1377 auction if it becomes necessary so to do in order to recover any tax or  
1378 any amount required to be collected, or any interest or penalty due.  
1379 Notice of the sale may be served upon the person who deposited the  
1380 security personally or by mail. If by mail, service shall be made in the  
1381 manner prescribed for service of a notice of a deficiency assessment  
1382 and shall be addressed to the person at his address as it appears in the  
1383 records of the commissioner's office. Security in the form of a bearer  
1384 bond, issued by the United States or the state of Connecticut, which  
1385 has a prevailing market price may, however, be sold by the  
1386 commissioner at private sale at a price not lower than the prevailing  
1387 market price thereof. Upon any sale any surplus above the amounts  
1388 due shall be returned to the person who deposited the security.

1389 (2) Repealed by P.A. 81-64, S. 22, 23.

1390 (3) Each person before obtaining an original or transferral  
1391 registration for a motor vehicle, vessel, snowmobile or aircraft in this  
1392 state shall furnish evidence that any tax due thereon pursuant to the  
1393 provisions of this chapter has been paid in accordance with regulations  
1394 prescribed by the Commissioner of Revenue Services, and on forms  
1395 approved by, in the case of a motor vehicle, vessel or snowmobile, the  
1396 Commissioner of Revenue Services and the Commissioner of Motor  
1397 Vehicles, and, in the case of an aircraft, the Commissioner of Revenue  
1398 Services and the Commissioner of Transportation. The Commissioner  
1399 of Motor Vehicles shall, upon the request of the Commissioner of  
1400 Revenue Services, after hearing by the Commissioner of Revenue  
1401 Services, suspend or revoke a motor vehicle, vessel or snowmobile  
1402 registration of any person who fails to pay any tax due in connection

1403 with the sale, storage, use or other consumption of such motor vehicle,  
1404 vessel or snowmobile pursuant to the provisions of this chapter. The  
1405 Commissioner of Transportation shall, upon the request of the  
1406 Commissioner of Revenue Services, after a hearing by the  
1407 Commissioner of Revenue Services, suspend or revoke an aircraft  
1408 registration of any person who fails to pay any tax due in connection  
1409 with the sale, storage, use or other consumption of such aircraft  
1410 pursuant to the provisions of this chapter.

1411 (4) Where a trade-in of a motor vehicle is received by a motor  
1412 vehicle dealer, upon the sale of another motor vehicle to a consumer,  
1413 or where a trade-in of an aircraft, as defined in subdivision (5) of  
1414 section 15-34, is received by an aircraft dealer, upon the sale of another  
1415 aircraft to a consumer, or where a trade-in of a farm tractor,  
1416 snowmobile or any vessel, as defined in section 15-127, is received by a  
1417 retailer of farm tractors, snowmobiles or such vessels upon the sale of  
1418 another farm tractor, snowmobile or such vessel to a consumer, the tax  
1419 is only on the difference between the sale price of the motor vehicle,  
1420 aircraft, snowmobile, farm tractor or such vessel purchased and the  
1421 amount allowed on the motor vehicle, aircraft, snowmobile, farm  
1422 tractor or such vessel traded in on such purchase. When any such  
1423 motor vehicle, aircraft, snowmobile, farm tractor or such vessel traded  
1424 in is subsequently sold to a consumer or user, the tax provided for in  
1425 this chapter applies.

1426 (5) If any service or article of tangible personal property has already  
1427 been subjected to a sales or use tax by any other state or political  
1428 subdivision thereof and payment made thereon in respect to its sale or  
1429 use in an amount less than the tax imposed by this chapter, the  
1430 provisions of this chapter shall apply, but at a rate measured by the  
1431 difference, only, between the rate herein fixed and the rate by which  
1432 the previous tax upon the sale or use was computed. If such tax  
1433 imposed in such other state or political subdivision thereof is  
1434 equivalent to or in excess of the rate imposed under this chapter at the  
1435 time of such sale or use, then no tax shall be due on such article.

1436 [(6) When a licensed motor vehicle dealer replaces a motor vehicle  
1437 which has been registered to such dealer and the replaced motor  
1438 vehicle is no longer in the possession of or used by such dealer, the tax  
1439 imposed by this chapter shall be applicable only with respect to the  
1440 difference between such dealer's cost for the new motor vehicle being  
1441 registered, which motor vehicle is the replacement for said replaced  
1442 motor vehicle, and the wholesale value of said replaced motor vehicle  
1443 at the time of its replacement, determined in accordance with a  
1444 standard reference book for such values acceptable to the  
1445 Commissioner of Revenue Services.]

1446 [(7)] (6) (A) As used in this section, (i) "nonresident contractor"  
1447 means a contractor who does not maintain a regular place of business  
1448 in this state; (ii) "regular place of business" means any bona fide  
1449 office, factory, warehouse or other space in this state at which a  
1450 contractor is doing business in its own name in a regular and  
1451 systematic manner, and which place is continuously maintained,  
1452 occupied, and used by the contractor in carrying on its business  
1453 through its employees regularly in attendance to carry on the  
1454 contractor's business in the contractor's own name, except that  
1455 "regular place of business" does not include a place of business for a  
1456 statutory agent for service of process, or a temporary office or  
1457 location used by the contractor only for the duration of the contract,  
1458 whether or not at the site of construction, or an office maintained,  
1459 occupied and used by a person affiliated with the contractor; (iii)  
1460 "contract price" means the total contract price, including deposits,  
1461 amounts held as retainage, costs for any change orders, or charges for  
1462 add-ons; and (iv) "person doing business with a nonresident  
1463 contractor" does not include an owner or tenant of real property used  
1464 exclusively for residential purposes and consisting of three or fewer  
1465 dwelling units, in one of which the owner or tenant resides, provided  
1466 each nonresident contractor doing business with such owner or  
1467 tenant shall be required to comply with the bond requirements under  
1468 subparagraph (F) of this subdivision.

1469 (B) Any person doing business with a nonresident contractor and

1470 making payments of the contract price to such nonresident contractor  
1471 shall deduct and withhold from such payments an amount of five per  
1472 cent of such payments, unless such nonresident contractor has  
1473 furnished a certificate of compliance as described in subparagraph (E)  
1474 of this subdivision. The amounts so required to be deducted and  
1475 withheld shall be paid over to the commissioner by the last day of the  
1476 month following the calendar quarter following the calendar quarter in  
1477 which the first payment to the nonresident contractor is made, and  
1478 every calendar quarter thereafter. Each such payment to the  
1479 commissioner shall be accompanied by a form prescribed by the  
1480 commissioner. The amount required to be deducted and withheld  
1481 from the nonresident contractor, when so deducted and withheld, shall  
1482 be held to be a special fund in trust for the state. No nonresident  
1483 contractor shall have any right of action against a person deducting  
1484 and withholding under this subdivision with respect to any moneys  
1485 deducted and withheld and paid over to the commissioner in  
1486 compliance with or intended compliance with this subdivision.

1487 (C) A nonresident contractor shall request, in writing, that the  
1488 Commissioner of Revenue Services audit the records of such  
1489 contractor for a project for which amounts were deducted and  
1490 withheld from such contractor under subparagraph (B) of this  
1491 subdivision. If such request is not made within three years after the  
1492 date the final payment of such amounts was made to the  
1493 commissioner, such contractor waives the right to request such audit  
1494 and claim a refund of such amounts. The commissioner shall, after  
1495 receipt of such request, conduct an audit and issue to the nonresident  
1496 contractor a certificate of no tax due or a certificate of tax due from  
1497 the nonresident contractor. Not later than ninety days after the  
1498 issuance of a certificate of no tax due, the commissioner shall  
1499 return to the nonresident contractor the amounts deducted and  
1500 withheld from such contractor and paid over to the commissioner.  
1501 Upon issuance of a certificate of taxes due, the commissioner may  
1502 return to the nonresident contractor the amount by which the  
1503 amounts deducted and withheld and paid over to the  
1504 commissioner under subparagraph (B) of this subdivision exceed

1505 the amount of taxes set forth in the certificate, together with the  
1506 interest and penalties then assessed.

1507 (D) When a person doing business with the nonresident contractor  
1508 pays over to the Commissioner of Revenue Services amounts deducted  
1509 and withheld pursuant to subparagraph (B) of this subdivision, such  
1510 person shall not be liable for any claim of the nonresident contractor  
1511 for such amounts or for any claim of the commissioner for any taxes  
1512 of the nonresident contractor arising from the activities of the  
1513 nonresident contractor on the project for which the amounts were  
1514 paid over. Such payment shall not relieve the person doing business  
1515 with the nonresident contractor of such person's liability for use  
1516 taxes due on purchases of services from such nonresident contractor.

1517 (E) When a nonresident contractor enters into a contract with the  
1518 state, said contractor shall provide the Labor Department with  
1519 evidence demonstrating compliance with the provisions of chapters  
1520 567 and 568, the prevailing wage requirements of chapter 557 and any  
1521 other provisions of the general statutes related to conditions of  
1522 employment.

1523 (F) Not later than one hundred twenty days after the  
1524 commencement of the contract, or thirty days after the completion of  
1525 the contract, whichever is earlier, a nonresident contractor may (i)  
1526 furnish a guarantee bond in a sum equivalent to five per cent of the  
1527 contract price, or (ii) deposit with the commissioner a cash bond in a  
1528 sum equal to five per cent of the contract price, in lieu of the  
1529 requirements contained in subparagraph (B) of this subdivision. The  
1530 commissioner may accept such bond on such terms and conditions as  
1531 the commissioner may require, and upon acceptance of such bond,  
1532 shall issue a certificate of compliance to the contractor. The provisions  
1533 of subparagraph (C) of this subdivision shall apply to such bond, upon  
1534 completion of the contract, in the same manner as such provisions  
1535 apply to amounts paid over under subparagraph (B) of this  
1536 subdivision.

1537 (G) Upon the furnishing of a certificate of compliance by the

1538 nonresident contractor to the person doing business with a  
1539 nonresident contractor, such person shall not be liable for any claim of  
1540 the commissioner for any taxes of the nonresident contractor arising  
1541 from the activities of such contractor on the project for which the bond  
1542 was provided. Such certificate of compliance shall not relieve the  
1543 person doing business with the nonresident contractor of such person's  
1544 liability for use taxes due on purchases of services from such  
1545 nonresident contractor.

1546 (H) If any person doing business with a nonresident contractor fails  
1547 to deduct and withhold and pay over to the commissioner amounts  
1548 under subparagraph (B) of this subdivision, or fails to obtain a  
1549 certificate of compliance from the nonresident contractor pursuant to  
1550 subparagraph (G) of this subdivision, such person shall be personally  
1551 liable for payment of any taxes of the nonresident contractor arising  
1552 from the activities of such contractor on the project for which such  
1553 amounts or certificate were required.

1554 Sec. 16. Subsection (a) of section 12-700 of the general statutes is  
1555 repealed and the following is substituted in lieu thereof (*Effective July*  
1556 *1, 2009, and applicable to taxable years commencing on or after January 1,*  
1557 *2009*):

1558 (a) There is hereby imposed on the Connecticut taxable income of  
1559 each resident of this state a tax:

1560 (1) At the rate of four and one-half per cent of such Connecticut  
1561 taxable income for taxable years commencing on or after January 1,  
1562 1992, and prior to January 1, 1996.

1563 (2) For taxable years commencing on or after January 1, 1996, but  
1564 prior to January 1, 1997, in accordance with the following schedule:

1565 (A) For any person who files a return under the federal income tax  
1566 for such taxable year as an unmarried individual or as a married  
1567 individual filing separately:

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| T1 | Connecticut Taxable Income | Rate of Tax               |
|----|----------------------------|---------------------------|
| T2 | Not over \$2,250           | 3.0%                      |
| T3 | Over \$2,250               | \$67.50, plus 4.5% of the |
| T4 |                            | excess over \$2,250       |

1568 (B) For any person who files a return under the federal income tax  
 1569 for such taxable year as a head of household, as defined in Section 2(b)  
 1570 of the Internal Revenue Code:

| T5 | Connecticut Taxable Income | Rate of Tax                |
|----|----------------------------|----------------------------|
| T6 | Not over \$3,500           | 3.0%                       |
| T7 | Over \$3,500               | \$105.00, plus 4.5% of the |
| T8 |                            | excess over \$3,500        |

1571 (C) For any husband and wife who file a return under the federal  
 1572 income tax for such taxable year as married individuals filing jointly or  
 1573 a person who files a return under the federal income tax as a surviving  
 1574 spouse, as defined in Section 2(a) of the Internal Revenue Code:

| T9  | Connecticut Taxable Income | Rate of Tax                |
|-----|----------------------------|----------------------------|
| T10 | Not over \$4,500           | 3.0%                       |
| T11 | Over \$4,500               | \$135.00, plus 4.5% of the |
| T12 |                            | excess over \$4,500        |

1575 (D) For trusts or estates, the rate of tax shall be 4.5% of their  
 1576 Connecticut taxable income.

1577 (3) For taxable years commencing on or after January 1, 1997, but  
 1578 prior to January 1, 1998, in accordance with the following schedule:

1579 (A) For any person who files a return under the federal income tax  
 1580 for such taxable year as an unmarried individual or as a married  
 1581 individual filing separately:

| T13 | Connecticut Taxable Income | Rate of Tax                |
|-----|----------------------------|----------------------------|
| T14 | Not over \$6,250           | 3.0%                       |
| T15 | Over \$6,250               | \$187.50, plus 4.5% of the |
| T16 |                            | excess over \$6,250        |

1582 (B) For any person who files a return under the federal income tax  
 1583 for such taxable year as a head of household, as defined in Section 2(b)  
 1584 of the Internal Revenue Code:

| T17 | Connecticut Taxable Income | Rate of Tax                |
|-----|----------------------------|----------------------------|
| T18 | Not over \$10,000          | 3.0%                       |
| T19 | Over \$10,000              | \$300.00, plus 4.5% of the |
| T20 |                            | excess over \$10,000       |

1585 (C) For any husband and wife who file a return under the federal  
 1586 income tax for such taxable year as married individuals filing jointly or  
 1587 any person who files a return under the federal income tax for such  
 1588 taxable year as a surviving spouse, as defined in Section 2(a) of the  
 1589 Internal Revenue Code:

| T21 | Connecticut Taxable Income | Rate of Tax                |
|-----|----------------------------|----------------------------|
| T22 | Not over \$12,500          | 3.0%                       |
| T23 | Over \$12,500              | \$375.00, plus 4.5% of the |
| T24 |                            | excess over \$12,500       |

1590 (D) For trusts or estates, the rate of tax shall be 4.5% of their  
 1591 Connecticut taxable income.

1592 (4) For taxable years commencing on or after January 1, 1998, but  
 1593 prior to January 1, 1999, in accordance with the following schedule:

1594 (A) For any person who files a return under the federal income tax  
 1595 for such taxable year as an unmarried individual or as a married  
 1596 individual filing separately:

| T25 | Connecticut Taxable Income | Rate of Tax                |
|-----|----------------------------|----------------------------|
| T26 | Not over \$7,500           | 3.0%                       |
| T27 | Over \$7,500               | \$225.00, plus 4.5% of the |
| T28 |                            | excess over \$7,500        |

1597 (B) For any person who files a return under the federal income tax  
 1598 for such taxable year as a head of household, as defined in Section 2(b)

1599 of the Internal Revenue Code:

| T29 | Connecticut Taxable Income | Rate of Tax                |
|-----|----------------------------|----------------------------|
| T30 | Not over \$12,000          | 3.0%                       |
| T31 | Over \$12,000              | \$360.00, plus 4.5% of the |
| T32 |                            | excess over \$12,000       |

1600 (C) For any husband and wife who file a return under the federal  
 1601 income tax for such taxable year as married individuals filing jointly or  
 1602 any person who files a return under the federal income tax for such  
 1603 taxable year as a surviving spouse, as defined in Section 2(a) of the  
 1604 Internal Revenue Code:

| T33 | Connecticut Taxable Income | Rate of Tax                |
|-----|----------------------------|----------------------------|
| T34 | Not over \$15,000          | 3.0%                       |
| T35 | Over \$15,000              | \$450.00, plus 4.5% of the |
| T36 |                            | excess over \$15,000       |

1605 (D) For trusts or estates, the rate of tax shall be 4.5% of their  
 1606 Connecticut taxable income.

1607 (5) For taxable years commencing on or after January 1, 1999, but  
 1608 prior to January 1, 2003, in accordance with the following schedule:

1609 (A) For any person who files a return under the federal income tax  
 1610 for such taxable year as an unmarried individual or as a married  
 1611 individual filing separately:

| T37 | Connecticut Taxable Income | Rate of Tax                |
|-----|----------------------------|----------------------------|
| T38 | Not over \$10,000          | 3.0%                       |
| T39 | Over \$10,000              | \$300.00, plus 4.5% of the |
| T40 |                            | excess over \$10,000       |

1612 (B) For any person who files a return under the federal income tax  
 1613 for such taxable year as a head of household, as defined in Section 2(b)  
 1614 of the Internal Revenue Code:

| T41 | Connecticut Taxable Income | Rate of Tax |
|-----|----------------------------|-------------|
|-----|----------------------------|-------------|

|     |                   |                            |
|-----|-------------------|----------------------------|
| T42 | Not over \$16,000 | 3.0%                       |
| T43 | Over \$16,000     | \$480.00, plus 4.5% of the |
| T44 |                   | excess over \$16,000       |

1615 (C) For any husband and wife who file a return under the federal  
 1616 income tax for such taxable year as married individuals filing jointly or  
 1617 any person who files a return under the federal income tax for such  
 1618 taxable year as a surviving spouse, as defined in Section 2(a) of the  
 1619 Internal Revenue Code:

| T45 | Connecticut Taxable Income | Rate of Tax                |
|-----|----------------------------|----------------------------|
| T46 | Not over \$20,000          | 3.0%                       |
| T47 | Over \$20,000              | \$600.00, plus 4.5% of the |
| T48 |                            | excess over \$20,000       |

1620 (D) For trusts or estates, the rate of tax shall be 4.5% of their  
 1621 Connecticut taxable income.

1622 (6) For taxable years commencing on or after January 1, 2003, but  
 1623 prior to January 1, 2009, in accordance with the following schedule:

1624 (A) For any person who files a return under the federal income tax  
 1625 for such taxable year as an unmarried individual or as a married  
 1626 individual filing separately:

| T49 | Connecticut Taxable Income | Rate of Tax                |
|-----|----------------------------|----------------------------|
| T50 | Not over \$10,000          | 3.0%                       |
| T51 | Over \$10,000              | \$300.00, plus 5.0% of the |
| T52 |                            | excess over \$10,000       |

1627 (B) For any person who files a return under the federal income tax  
 1628 for such taxable year as a head of household, as defined in Section 2(b)  
 1629 of the Internal Revenue Code:

| T53 | Connecticut Taxable Income | Rate of Tax                |
|-----|----------------------------|----------------------------|
| T54 | Not over \$16,000          | 3.0%                       |
| T55 | Over \$16,000              | \$480.00, plus 5.0% of the |
| T56 |                            | excess over \$16,000       |

1630 (C) For any husband and wife who file a return under the federal  
 1631 income tax for such taxable year as married individuals filing jointly or  
 1632 any person who files a return under the federal income tax for such  
 1633 taxable year as a surviving spouse, as defined in Section 2(a) of the  
 1634 Internal Revenue Code:

| T57 | Connecticut Taxable Income | Rate of Tax                |
|-----|----------------------------|----------------------------|
| T58 | Not over \$20,000          | 3.0%                       |
| T59 | Over \$20,000              | \$600.00, plus 5.0% of the |
| T60 |                            | excess over \$20,000       |

1635 (D) For trusts or estates, the rate of tax shall be 5.0% of the  
 1636 Connecticut taxable income.

1637 (7) For taxable years commencing on or after January 1, 2009, in  
 1638 accordance with the following schedule:

1639 (A) For any person who files a return under the federal income tax  
 1640 for such taxable year as an unmarried individual:

| T61 | <u>Connecticut Taxable Income</u> | <u>Rate of Tax</u>                       |
|-----|-----------------------------------|--|
| T62 | <u>Not over \$10,000</u>          | <u>3.0%</u>                              |
| T63 | <u>Over \$10,000 but not</u>      | <u>\$300.00, plus 5.0% of the</u>        |
| T64 | <u>over \$132,500</u>             | <u>excess over \$10,000</u>              |
| T65 | <u>Over \$132,500 but not</u>     | <u>\$6,425, plus 6.0% of the excess</u>  |
| T66 | <u>over \$265,000</u>             | <u>over \$132,500</u>                    |
| T67 | <u>Over \$265,000 but not</u>     | <u>\$14,375, plus 7.0% of the excess</u> |
| T68 | <u>over \$397,500</u>             | <u>over \$265,500</u>                    |
| T69 | <u>Over \$397,500 but not</u>     | <u>\$23,650 plus 7.5% of the excess</u>  |
| T70 | <u>over \$530,000</u>             | <u>over \$397,500</u>                    |
| T71 | <u>Over \$530,000</u>             | <u>\$33,588 plus 7.95% of the</u>        |
| T72 |                                   | <u>excess over \$530,000</u>             |

1641 (B) For any person who files a return under the federal income tax  
 1642 for such taxable year as a head of household, as defined in Section 2(b)  
 1643 of the Internal Revenue Code:

| T73 | <u>Connecticut Taxable Income</u> | <u>Rate of Tax</u> |
|-----|-----------------------------------|--------------------|
| T74 | <u>Not over \$16,000</u>          | <u>3.0%</u>        |

|     |                               |  |
|-----|-------------------------------|--|
| T75 | <u>Over \$16,000 but not</u>  | <u>\$480.00, plus 5.0% of the</u>        |
| T76 | <u>over \$200,000</u>         | <u>excess over \$16,000</u>              |
| T77 | <u>Over \$200,000 but not</u> | <u>\$9,680, plus 6.0% of the excess</u>  |
| T78 | <u>over \$400,000</u>         | <u>over \$200,000</u>                    |
| T79 | <u>Over \$400,000 but not</u> | <u>\$21,680, plus 7.0% of the excess</u> |
| T80 | <u>over \$600,000</u>         | <u>over \$400,000</u>                    |
| T81 | <u>Over \$600,000 but not</u> | <u>\$35,680, plus 7.5% of the excess</u> |
| T82 | <u>over \$800,000</u>         | <u>Over \$600,000</u>                    |
| T83 | <u>Over \$800,000</u>         | <u>\$50,680, plus 7.95% of the</u>       |
| T84 |                               | <u>excess over \$800,000</u>             |

1644 (C) For any husband and wife who file a return under the federal  
 1645 income tax for such taxable year as married individuals filing jointly or  
 1646 any person who files a return under the federal income tax for such  
 1647 taxable year as a surviving spouse, as defined in Section 2(a) of the  
 1648 Internal Revenue Code:

|     |                                   |   |
|-----|-----------------------------------|---|
| T85 | <u>Connecticut Taxable Income</u> | <u>Rate of Tax</u>                        |
| T86 | <u>Not over \$20,000</u>          | <u>3.0%</u>                               |
| T87 | <u>Over \$20,000 but not</u>      | <u>\$600.00, plus 5.0% of the</u>         |
| T88 | <u>over \$250,000</u>             | <u>excess over \$20,000</u>               |
| T89 | <u>Over \$250,000 but not</u>     | <u>\$12,100, plus 6.0% of the excess</u>  |
| T90 | <u>over \$500,000</u>             | <u>over \$250,000</u>                     |
| T91 | <u>Over \$500,000 but not</u>     | <u>\$27,100, plus 7.0% of the excess</u>  |
| T92 | <u>over \$750,000</u>             | <u>over \$500,000</u>                     |
| T93 | <u>Over \$750,000 but not</u>     | <u>\$44,600, plus 7.5% of the excess</u>  |
| T94 | <u>over \$1,000,000</u>           | <u>over \$750,000</u>                     |
| T95 | <u>Over \$1,000,000</u>           | <u>\$63,350, plus 7.95% of the excess</u> |
| T96 |                                   | <u>over \$1,000,000</u>                   |

1649 (D) For any person who files a return under the federal income tax  
 1650 for such taxable year as a married individual filing separately:

|      |                                   |  |
|------|-----------------------------------|--|
| T97  | <u>Connecticut Taxable Income</u> | <u>Rate of Tax</u>                       |
| T98  | <u>Not over \$10,000</u>          | <u>3.0%</u>                              |
| T99  | <u>Over \$10,000 but not</u>      | <u>\$300.00, plus 5.0% of the</u>        |
| T100 | <u>over \$125,000</u>             | <u>excess over \$10,000</u>              |
| T101 | <u>Over \$125,000 but not</u>     | <u>\$6,050, plus 6.0% of the excess</u>  |
| T102 | <u>over \$250,000</u>             | <u>over \$125,000</u>                    |
| T103 | <u>Over \$250,000 but not</u>     | <u>\$13,550, plus 7.0% of the excess</u> |

|      |                               |   |
|------|-------------------------------|---|
| T104 | <u>over \$375,000</u>         | <u>over \$250,000</u>                     |
| T105 | <u>Over \$375,000 but not</u> | <u>\$22,300 plus 7.5% of the excess</u>   |
| T106 | <u>over \$500,000</u>         | <u>over \$375,000</u>                     |
| T107 | <u>Over \$500,000</u>         | <u>\$31,675, plus 7.95% of the excess</u> |
| T108 |                               | <u>over \$500,000</u>                     |

1651 (E) For trusts or estates, the rate of tax shall be 7.95% of the  
 1652 Connecticut taxable income.

1653 [(7)] (8) The provisions of this subsection shall apply to resident  
 1654 trusts and estates and, wherever reference is made in this subsection to  
 1655 residents of this state, such reference shall be construed to include  
 1656 resident trusts and estates, provided any reference to a resident's  
 1657 Connecticut adjusted gross income derived from sources without this  
 1658 state or to a resident's Connecticut adjusted gross income shall be  
 1659 construed, in the case of a resident trust or estate, to mean the resident  
 1660 trust or estate's Connecticut taxable income derived from sources  
 1661 without this state and the resident trust or estate's Connecticut taxable  
 1662 income, respectively.

1663 Sec. 17. Subparagraph (A) of subdivision (20) of section 12-701 of the  
 1664 general statutes is repealed and the following is substituted in lieu  
 1665 thereof (*Effective July 1, 2009, and applicable to taxable years commencing*  
 1666 *on or after January 1, 2009*):

1667 (A) There shall be added thereto (i) to the extent not properly  
 1668 includable in gross income for federal income tax purposes, any  
 1669 interest income from obligations issued by or on behalf of any state,  
 1670 political subdivision thereof, or public instrumentality, state or local  
 1671 authority, district or similar public entity, exclusive of such income  
 1672 from obligations issued by or on behalf of the state of Connecticut, any  
 1673 political subdivision thereof, or public instrumentality, state or local  
 1674 authority, district or similar public entity created under the laws of the  
 1675 state of Connecticut and exclusive of any such income with respect to  
 1676 which taxation by any state is prohibited by federal law, (ii) any  
 1677 exempt-interest dividends, as defined in Section 852(b)(5) of the  
 1678 Internal Revenue Code, exclusive of such exempt-interest dividends

1679 derived from obligations issued by or on behalf of the state of  
1680 Connecticut, any political subdivision thereof, or public  
1681 instrumentality, state or local authority, district or similar public entity  
1682 created under the laws of the state of Connecticut and exclusive of  
1683 such exempt-interest dividends derived from obligations, the income  
1684 with respect to which taxation by any state is prohibited by federal  
1685 law, (iii) any interest or dividend income on obligations or securities of  
1686 any authority, commission or instrumentality of the United States  
1687 which federal law exempts from federal income tax but does not  
1688 exempt from state income taxes, (iv) to the extent included in gross  
1689 income for federal income tax purposes for the taxable year, the total  
1690 taxable amount of a lump sum distribution for the taxable year  
1691 deductible from such gross income in calculating federal adjusted  
1692 gross income, (v) to the extent properly includable in determining the  
1693 net gain or loss from the sale or other disposition of capital assets for  
1694 federal income tax purposes, any loss from the sale or exchange of  
1695 obligations issued by or on behalf of the state of Connecticut, any  
1696 political subdivision thereof, or public instrumentality, state or local  
1697 authority, district or similar public entity created under the laws of the  
1698 state of Connecticut, in the income year such loss was recognized, (vi)  
1699 to the extent deductible in determining federal adjusted gross income,  
1700 any income taxes imposed by this state, (vii) to the extent deductible in  
1701 determining federal adjusted gross income, any interest on  
1702 indebtedness incurred or continued to purchase or carry obligations or  
1703 securities the interest on which is exempt from tax under this chapter,  
1704 (viii) expenses paid or incurred during the taxable year for the  
1705 production or collection of income which is exempt from taxation  
1706 under this chapter or the management, conservation or maintenance of  
1707 property held for the production of such income, and the amortizable  
1708 bond premium for the taxable year on any bond the interest on which  
1709 is exempt from tax under this chapter to the extent that such expenses  
1710 and premiums are deductible in determining federal adjusted gross  
1711 income, [and] (ix) for property placed in service after September 10,  
1712 2001, but prior to September 11, 2004, in taxable years ending after  
1713 September 10, 2001, any additional allowance for depreciation under

1714 subsection (k) of Section 168 of the Internal Revenue Code, as provided  
1715 by Section 101 of the Job Creation and Worker Assistance Act of 2002,  
1716 to the extent deductible in determining federal adjusted gross income,  
1717 and (x) to the extent deductible in determining federal adjusted gross  
1718 income, any amount excluded from gross income as a domestic  
1719 production deduction pursuant to Section 199 of the Internal Revenue  
1720 Code.

1721 Sec. 18. Subsection (a) of section 12-702 of the general statutes is  
1722 repealed and the following is substituted in lieu thereof (*Effective July*  
1723 *1, 2009, and applicable to taxable years commencing on or after January 1,*  
1724 *2009*):

1725 (a) (1) (A) Any person, other than a trust or estate, subject to the tax  
1726 under this chapter for any taxable year who files under the federal  
1727 income tax for such taxable year as a married individual filing  
1728 separately or, for taxable years commencing prior to January 1, 2000,  
1729 who files income tax for such taxable year as an unmarried individual  
1730 shall be entitled to a personal exemption of twelve thousand dollars in  
1731 determining Connecticut taxable income for purposes of this chapter.

1732 (B) In the case of any such taxpayer whose Connecticut adjusted  
1733 gross income for the taxable year exceeds twenty-four thousand  
1734 dollars, the exemption amount shall be reduced by one thousand  
1735 dollars for each one thousand dollars, or fraction thereof, by which the  
1736 taxpayer's Connecticut adjusted gross income for the taxable year  
1737 exceeds said amount. In no event shall the reduction exceed one  
1738 hundred per cent of the exemption.

1739 (2) For taxable years commencing on or after January 1, 2000, any  
1740 person, other than a trust or estate, subject to the tax under this chapter  
1741 for any taxable year who files under the federal income tax for such  
1742 taxable year as an unmarried individual shall be entitled to a personal  
1743 exemption in determining Connecticut taxable income for purposes of  
1744 this chapter as follows:

1745 (A) For taxable years commencing on or after January 1, 2000, but

1746 prior to January 1, 2001, twelve thousand two hundred fifty dollars. In  
1747 the case of any such taxpayer whose Connecticut adjusted gross  
1748 income for the taxable year exceeds twenty-four thousand five  
1749 hundred dollars, the exemption amount shall be reduced by one  
1750 thousand dollars for each one thousand dollars, or fraction thereof, by  
1751 which the taxpayer's Connecticut adjusted gross income for the taxable  
1752 year exceeds said amount. In no event shall the reduction exceed one  
1753 hundred per cent of the exemption;

1754 (B) For taxable years commencing on or after January 1, 2001, but  
1755 prior to January 1, 2004, twelve thousand five hundred dollars. In the  
1756 case of any such taxpayer whose Connecticut adjusted gross income  
1757 for the taxable year exceeds twenty-five thousand dollars, the  
1758 exemption amount shall be reduced by one thousand dollars for each  
1759 one thousand dollars, or fraction thereof, by which the taxpayer's  
1760 Connecticut adjusted gross income for the taxable year exceeds said  
1761 amount. In no event shall the reduction exceed one hundred per cent  
1762 of the exemption;

1763 (C) For taxable years commencing on or after January 1, 2004, but  
1764 prior to January 1, 2007, twelve thousand six hundred twenty-five  
1765 dollars. In the case of any such taxpayer whose Connecticut adjusted  
1766 gross income for the taxable year exceeds twenty-five thousand two  
1767 hundred fifty dollars, the exemption amount shall be reduced by one  
1768 thousand dollars for each one thousand dollars, or fraction thereof, by  
1769 which the taxpayer's Connecticut adjusted gross income for the taxable  
1770 year exceeds said amount. In no event shall the reduction exceed one  
1771 hundred per cent of the exemption;

1772 (D) For taxable years commencing on or after January 1, 2007, but  
1773 prior to January 1, 2008, twelve thousand seven hundred fifty dollars.  
1774 In the case of any such taxpayer whose Connecticut adjusted gross  
1775 income for the taxable year exceeds twenty-five thousand five hundred  
1776 dollars, the exemption amount shall be reduced by one thousand  
1777 dollars for each one thousand dollars, or fraction thereof, by which the  
1778 taxpayer's Connecticut adjusted gross income for the taxable year

1779 exceeds said amount. In no event shall the reduction exceed one  
1780 hundred per cent of the exemption;

1781 (E) For taxable years commencing on or after January 1, 2008, but  
1782 prior to January 1, [2009] 2012, thirteen thousand dollars. In the case of  
1783 any such taxpayer whose Connecticut adjusted gross income for the  
1784 taxable year exceeds twenty-six thousand dollars, the exemption  
1785 amount shall be reduced by one thousand dollars for each one  
1786 thousand dollars, or fraction thereof, by which the taxpayer's  
1787 Connecticut adjusted gross income for the taxable year exceeds said  
1788 amount. In no event shall the reduction exceed one hundred per cent  
1789 of the exemption;

1790 (F) For taxable years commencing on or after January 1, [2009] 2012,  
1791 but prior to January 1, [2010] 2013, thirteen thousand five hundred  
1792 dollars. In the case of any such taxpayer whose Connecticut adjusted  
1793 gross income for the taxable year exceeds twenty-seven thousand  
1794 dollars, the exemption amount shall be reduced by one thousand  
1795 dollars for each one thousand dollars, or fraction thereof, by which the  
1796 taxpayer's Connecticut adjusted gross income for the taxable year  
1797 exceeds said amount. In no event shall the reduction exceed one  
1798 hundred per cent of the exemption;

1799 (G) For taxable years commencing on or after January 1, [2010] 2013,  
1800 but prior to January 1, [2011] 2014, fourteen thousand dollars. In the  
1801 case of any such taxpayer whose Connecticut adjusted gross income  
1802 for the taxable year exceeds twenty-eight thousand dollars, the  
1803 exemption amount shall be reduced by one thousand dollars for each  
1804 one thousand dollars, or fraction thereof, by which the taxpayer's  
1805 Connecticut adjusted gross income for the taxable year exceeds said  
1806 amount. In no event shall the reduction exceed one hundred per cent  
1807 of the exemption;

1808 (H) For taxable years commencing on or after January 1, [2011] 2014,  
1809 but prior to January 1, [2012] 2015, fourteen thousand five hundred  
1810 dollars. In the case of any such taxpayer whose Connecticut adjusted  
1811 gross income for the taxable year exceeds twenty-nine thousand

1812 dollars, the exemption amount shall be reduced by one thousand  
 1813 dollars for each one thousand dollars, or fraction thereof, by which the  
 1814 taxpayer's Connecticut adjusted gross income for the taxable year  
 1815 exceeds said amount. In no event shall the reduction exceed one  
 1816 hundred per cent of the exemption;

1817 (I) For taxable years commencing on or after January 1, [2012] 2015,  
 1818 fifteen thousand dollars. In the case of any such taxpayer whose  
 1819 Connecticut adjusted gross income for the taxable year exceeds thirty  
 1820 thousand dollars, the exemption amount shall be reduced by one  
 1821 thousand dollars for each one thousand dollars, or fraction thereof, by  
 1822 which the taxpayer's Connecticut adjusted gross income for the taxable  
 1823 year exceeds said amount. In no event shall the reduction exceed one  
 1824 hundred per cent of the exemption.

1825 Sec. 19. Subsection (a) of section 12-703 of the general statutes is  
 1826 repealed and the following is substituted in lieu thereof (*Effective July*  
 1827 *1, 2009, and applicable to taxable years commencing on or after January 1,*  
 1828 *2009*):

1829 (a) (1) Any person, other than a trust or estate, subject to the tax  
 1830 under this chapter for any taxable year who files under the federal  
 1831 income tax for such taxable year as a married individual filing  
 1832 separately or for taxable years commencing prior to January 1, 2000,  
 1833 who files under the federal income tax for such taxable year as an  
 1834 unmarried individual shall be entitled to a credit in determining the  
 1835 amount of tax liability for purposes of this chapter in accordance with  
 1836 the following schedule:

| T109 | Connecticut           |                  |
|------|-----------------------|------------------|
| T110 | Adjusted Gross Income | Amount of Credit |
| T111 | Over \$12,000 but     |                  |
| T112 | not over \$15,000     | 75%              |
| T113 | Over \$15,000 but     |                  |
| T114 | not over \$15,500     | 70%              |
| T115 | Over \$15,500 but     |                  |

|      |                   |     |
|------|-------------------|-----|
| T116 | not over \$16,000 | 65% |
| T117 | Over \$16,000 but |     |
| T118 | not over \$16,500 | 60% |
| T119 | Over \$16,500 but |     |
| T120 | not over \$17,000 | 55% |
| T121 | Over \$17,000 but |     |
| T122 | not over \$17,500 | 50% |
| T123 | Over \$17,500 but |     |
| T124 | not over \$18,000 | 45% |
| T125 | Over \$18,000 but |     |
| T126 | not over \$18,500 | 40% |
| T127 | Over \$18,500 but |     |
| T128 | not over \$20,000 | 35% |
| T129 | Over \$20,000 but |     |
| T130 | not over \$20,500 | 30% |
| T131 | Over \$20,500 but |     |
| T132 | not over \$21,000 | 25% |
| T133 | Over \$21,000 but |     |
| T134 | not over \$21,500 | 20% |
| T135 | Over \$21,500 but |     |
| T136 | not over \$25,000 | 15% |
| T137 | Over \$25,000 but |     |
| T138 | not over \$25,500 | 14% |
| T139 | Over \$25,500 but |     |
| T140 | not over \$26,000 | 13% |
| T141 | Over \$26,000 but |     |
| T142 | not over \$26,500 | 12% |
| T143 | Over \$26,500 but |     |
| T144 | not over \$27,000 | 11% |
| T145 | Over \$27,000 but |     |
| T146 | not over \$48,000 | 10% |
| T147 | Over \$48,000 but |     |
| T148 | not over \$48,500 | 9%  |
| T149 | Over \$48,500 but |     |
| T150 | not over \$49,000 | 8%  |

|      |                   |    |
|------|-------------------|----|
| T151 | Over \$49,000 but |    |
| T152 | not over \$49,500 | 7% |
| T153 | Over \$49,500 but |    |
| T154 | not over \$50,000 | 6% |
| T155 | Over \$50,000 but |    |
| T156 | not over \$50,500 | 5% |
| T157 | Over \$50,500 but |    |
| T158 | not over \$51,000 | 4% |
| T159 | Over \$51,000 but |    |
| T160 | not over \$51,500 | 3% |
| T161 | Over \$51,500 but |    |
| T162 | not over \$52,000 | 2% |
| T163 | Over \$52,000 but |    |
| T164 | not over \$52,500 | 1% |

1837 (2) For taxable years commencing on or after January 1, 2000, any  
 1838 person, other than a trust or estate, subject to the tax under this chapter  
 1839 for any taxable year who files under the federal income tax for such  
 1840 taxable year as an unmarried individual shall be entitled to a credit in  
 1841 determining the amount of tax liability for purposes of this chapter in  
 1842 accordance with the following schedule:

1843 (A) For taxable years commencing on or after January 1, 2000, but  
 1844 prior to January 1, 2001:

| T165 | Connecticut           |                  |
|------|-----------------------|------------------|
| T166 | Adjusted Gross Income | Amount of Credit |
| T167 | Over \$12,250 but     |                  |
| T168 | not over \$15,300     | 75%              |
| T169 | Over \$15,300 but     |                  |
| T170 | not over \$15,800     | 70%              |
| T171 | Over \$15,800 but     |                  |
| T172 | not over \$16,300     | 65%              |
| T173 | Over \$16,300 but     |                  |
| T174 | not over \$16,800     | 60%              |
| T175 | Over \$16,800 but     |                  |

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|      |                   |     |
|------|-------------------|-----|
| T176 | not over \$17,300 | 55% |
| T177 | Over \$17,300 but |     |
| T178 | not over \$17,800 | 50% |
| T179 | Over \$17,800 but |     |
| T180 | not over \$18,300 | 45% |
| T181 | Over \$18,300 but |     |
| T182 | not over \$18,800 | 40% |
| T183 | Over \$18,800 but |     |
| T184 | not over \$20,400 | 35% |
| T185 | Over \$20,400 but |     |
| T186 | not over \$20,900 | 30% |
| T187 | Over \$20,900 but |     |
| T188 | not over \$21,400 | 25% |
| T189 | Over \$21,400 but |     |
| T190 | not over \$21,900 | 20% |
| T191 | Over \$21,900 but |     |
| T192 | not over \$25,500 | 15% |
| T193 | Over \$25,500 but |     |
| T194 | not over \$26,000 | 14% |
| T195 | Over \$26,000 but |     |
| T196 | not over \$26,500 | 13% |
| T197 | Over \$26,500 but |     |
| T198 | not over \$27,000 | 12% |
| T199 | Over \$27,000 but |     |
| T200 | not over \$27,500 | 11% |
| T201 | Over \$27,500 but |     |
| T202 | not over \$49,000 | 10% |
| T203 | Over \$49,000 but |     |
| T204 | not over \$49,500 | 9%  |
| T205 | Over \$49,500 but |     |
| T206 | not over \$50,000 | 8%  |
| T207 | Over \$50,000 but |     |
| T208 | not over \$50,500 | 7%  |
| T209 | Over \$50,500 but |     |
| T210 | not over \$51,000 | 6%  |

|      |                   |    |
|------|-------------------|----|
| T211 | Over \$51,000 but |    |
| T212 | not over \$51,500 | 5% |
| T213 | Over \$51,500 but |    |
| T214 | not over \$52,000 | 4% |
| T215 | Over \$52,000 but |    |
| T216 | not over \$52,500 | 3% |
| T217 | Over \$52,500 but |    |
| T218 | not over \$53,000 | 2% |
| T219 | Over \$53,000 but |    |
| T220 | not over \$53,500 | 1% |

1845 (B) For taxable years commencing on or after January 1, 2001, but  
 1846 prior to January 1, 2004:

|      |                       |                  |
|------|-----------------------|------------------|
| T221 | Connecticut           |                  |
| T222 | Adjusted Gross Income | Amount of Credit |
| T223 | Over \$12,500 but     |                  |
| T224 | not over \$15,600     | 75%              |
| T225 | Over \$15,600 but     |                  |
| T226 | not over \$16,100     | 70%              |
| T227 | Over \$16,100 but     |                  |
| T228 | not over \$16,600     | 65%              |
| T229 | Over \$16,600 but     |                  |
| T230 | not over \$17,100     | 60%              |
| T231 | Over \$17,100 but     |                  |
| T232 | not over \$17,600     | 55%              |
| T233 | Over \$17,600 but     |                  |
| T234 | not over \$18,100     | 50%              |
| T235 | Over \$18,100 but     |                  |
| T236 | not over \$18,600     | 45%              |
| T237 | Over \$18,600 but     |                  |
| T238 | not over \$19,100     | 40%              |
| T239 | Over \$19,100 but     |                  |
| T240 | not over \$20,800     | 35%              |
| T241 | Over \$20,800 but     |                  |

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|      |                   |     |
|------|-------------------|-----|
| T242 | not over \$21,300 | 30% |
| T243 | Over \$21,300 but |     |
| T244 | not over \$21,800 | 25% |
| T245 | Over \$21,800 but |     |
| T246 | not over \$22,300 | 20% |
| T247 | Over \$22,300 but |     |
| T248 | not over \$26,000 | 15% |
| T249 | Over \$26,000 but |     |
| T250 | not over \$26,500 | 14% |
| T251 | Over \$26,500 but |     |
| T252 | not over \$27,000 | 13% |
| T253 | Over \$27,000 but |     |
| T254 | not over \$27,500 | 12% |
| T255 | Over \$27,500 but |     |
| T256 | not over \$28,000 | 11% |
| T257 | Over \$28,000 but |     |
| T258 | not over \$50,000 | 10% |
| T259 | Over \$50,000 but |     |
| T260 | not over \$50,500 | 9%  |
| T261 | Over \$50,500 but |     |
| T262 | not over \$51,000 | 8%  |
| T263 | Over \$51,000 but |     |
| T264 | not over \$51,500 | 7%  |
| T265 | Over \$51,500 but |     |
| T266 | not over \$52,000 | 6%  |
| T267 | Over \$52,000 but |     |
| T268 | not over \$52,500 | 5%  |
| T269 | Over \$52,500 but |     |
| T270 | not over \$53,000 | 4%  |
| T271 | Over \$53,000 but |     |
| T272 | not over \$53,500 | 3%  |
| T273 | Over \$53,500 but |     |
| T274 | not over \$54,000 | 2%  |
| T275 | Over \$54,000 but |     |
| T276 | not over \$54,500 | 1%  |

1847 (C) For taxable years commencing on or after January 1, 2004, but  
 1848 prior to January 1, 2007:

| T277 | Connecticut           |                  |
|------|-----------------------|------------------|
| T278 | Adjusted Gross Income | Amount of Credit |
| T279 | Over \$12,625 but     |                  |
| T280 | not over \$15,750     | 75%              |
| T281 | Over \$15,750 but     |                  |
| T282 | not over \$16,250     | 70%              |
| T283 | Over \$16,250 but     |                  |
| T284 | not over \$16,750     | 65%              |
| T285 | Over \$16,750 but     |                  |
| T286 | not over \$17,250     | 60%              |
| T287 | Over \$17,250 but     |                  |
| T288 | not over \$17,750     | 55%              |
| T289 | Over \$17,750 but     |                  |
| T290 | not over \$18,250     | 50%              |
| T291 | Over \$18,250 but     |                  |
| T292 | not over \$18,750     | 45%              |
| T293 | Over \$18,750 but     |                  |
| T294 | not over \$19,250     | 40%              |
| T295 | Over \$19,250 but     |                  |
| T296 | not over \$21,050     | 35%              |
| T297 | Over \$21,050 but     |                  |
| T298 | not over \$21,550     | 30%              |
| T299 | Over \$21,550 but     |                  |
| T300 | not over \$22,050     | 25%              |
| T301 | Over \$22,050 but     |                  |
| T302 | not over \$22,550     | 20%              |
| T303 | Over \$22,550 but     |                  |
| T304 | not over \$26,300     | 15%              |
| T305 | Over \$26,300 but     |                  |
| T306 | not over \$26,800     | 14%              |
| T307 | Over \$26,800 but     |                  |

|      |                   |     |
|------|-------------------|-----|
| T308 | not over \$27,300 | 13% |
| T309 | Over \$27,300 but |     |
| T310 | not over \$27,800 | 12% |
| T311 | Over \$27,800 but |     |
| T312 | not over \$28,300 | 11% |
| T313 | Over \$28,300 but |     |
| T314 | not over \$50,500 | 10% |
| T315 | Over \$50,500 but |     |
| T316 | not over \$51,000 | 9%  |
| T317 | Over \$51,000 but |     |
| T318 | not over \$51,500 | 8%  |
| T319 | Over \$51,500 but |     |
| T320 | not over \$52,000 | 7%  |
| T321 | Over \$52,000 but |     |
| T322 | not over \$52,500 | 6%  |
| T323 | Over \$52,500 but |     |
| T324 | not over \$53,000 | 5%  |
| T325 | Over \$53,000 but |     |
| T326 | not over \$53,500 | 4%  |
| T327 | Over \$53,500 but |     |
| T328 | not over \$54,000 | 3%  |
| T329 | Over \$54,000 but |     |
| T330 | not over \$54,500 | 2%  |
| T331 | Over \$54,500 but |     |
| T332 | not over \$55,000 | 1%  |

1849 (D) For taxable years commencing on or after January 1, 2007, but  
 1850 prior to January 1, 2008:

|      |                       |                  |
|------|-----------------------|------------------|
| T333 | Connecticut           |                  |
| T334 | Adjusted Gross Income | Amount of Credit |
| T335 | Over \$12,750 but     |                  |
| T336 | not over \$15,900     | 75%              |
| T337 | Over \$15,900 but     |                  |
| T338 | not over \$16,400     | 70%              |

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|      |                   |     |
|------|-------------------|-----|
| T339 | Over \$16,400 but |     |
| T340 | not over \$16,900 | 65% |
| T341 | Over \$16,900 but |     |
| T342 | not over \$17,400 | 60% |
| T343 | Over \$17,400 but |     |
| T344 | not over \$17,900 | 55% |
| T345 | Over \$17,900 but |     |
| T346 | not over \$18,400 | 50% |
| T347 | Over \$18,400 but |     |
| T348 | not over \$18,900 | 45% |
| T349 | Over \$18,900 but |     |
| T350 | not over \$19,400 | 40% |
| T351 | Over \$19,400 but |     |
| T352 | not over \$21,300 | 35% |
| T353 | Over \$21,300 but |     |
| T354 | not over \$21,800 | 30% |
| T355 | Over \$21,800 but |     |
| T356 | not over \$22,300 | 25% |
| T357 | Over \$22,300 but |     |
| T358 | not over \$22,800 | 20% |
| T359 | Over \$22,800 but |     |
| T360 | not over \$26,600 | 15% |
| T361 | Over \$26,600 but |     |
| T362 | not over \$27,100 | 14% |
| T363 | Over \$27,100 but |     |
| T364 | not over \$27,600 | 13% |
| T365 | Over \$27,600 but |     |
| T366 | not over \$28,100 | 12% |
| T367 | Over \$28,100 but |     |
| T368 | not over \$28,600 | 11% |
| T369 | Over \$28,600 but |     |
| T370 | not over \$51,000 | 10% |
| T371 | Over \$51,000 but |     |
| T372 | not over \$51,500 | 9%  |
| T373 | Over \$51,500 but |     |

|      |                   |    |
|------|-------------------|----|
| T374 | not over \$52,000 | 8% |
| T375 | Over \$52,000 but |    |
| T376 | not over \$52,500 | 7% |
| T377 | Over \$52,500 but |    |
| T378 | not over \$53,000 | 6% |
| T379 | Over \$53,000 but |    |
| T380 | not over \$53,500 | 5% |
| T381 | Over \$53,500 but |    |
| T382 | not over \$54,000 | 4% |
| T383 | Over \$54,000 but |    |
| T384 | not over \$54,500 | 3% |
| T385 | Over \$54,500 but |    |
| T386 | not over \$55,000 | 2% |
| T387 | Over \$55,000 but |    |
| T388 | not over \$55,500 | 1% |

1851 (E) For taxable years commencing on or after January 1, 2008, but  
 1852 prior to January 1, [2009] 2012:

| T389 | Connecticut           |                  |
|------|-----------------------|------------------|
| T390 | Adjusted Gross Income | Amount of Credit |
| T391 | Over \$13,000 but     |                  |
| T392 | not over \$16,300     | 75%              |
| T393 | Over \$16,300 but     |                  |
| T394 | not over \$16,800     | 70%              |
| T395 | Over \$16,800 but     |                  |
| T396 | not over \$17,300     | 65%              |
| T397 | Over \$17,300 but     |                  |
| T398 | not over \$17,800     | 60%              |
| T399 | Over \$17,800 but     |                  |
| T400 | not over \$18,300     | 55%              |
| T401 | Over \$18,300 but     |                  |
| T402 | not over \$18,800     | 50%              |
| T403 | Over \$18,800 but     |                  |
| T404 | not over \$19,300     | 45%              |

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|      |                   |     |
|------|-------------------|-----|
| T405 | Over \$19,300 but |     |
| T406 | not over \$19,800 | 40% |
| T407 | Over \$19,800 but |     |
| T408 | not over \$21,700 | 35% |
| T409 | Over \$21,700 but |     |
| T410 | not over \$22,200 | 30% |
| T411 | Over \$22,200 but |     |
| T412 | not over \$22,700 | 25% |
| T413 | Over \$22,700 but |     |
| T414 | not over \$23,200 | 20% |
| T415 | Over \$23,200 but |     |
| T416 | not over \$27,100 | 15% |
| T417 | Over \$27,100 but |     |
| T418 | not over \$27,600 | 14% |
| T419 | Over \$27,600 but |     |
| T420 | not over \$28,100 | 13% |
| T421 | Over \$28,100 but |     |
| T422 | not over \$28,600 | 12% |
| T423 | Over \$28,600 but |     |
| T424 | not over \$29,100 | 11% |
| T425 | Over \$29,100 but |     |
| T426 | not over \$52,000 | 10% |
| T427 | Over \$52,000 but |     |
| T428 | not over \$52,500 | 9%  |
| T429 | Over \$52,500 but |     |
| T430 | not over \$53,000 | 8%  |
| T431 | Over \$53,000 but |     |
| T432 | not over \$53,500 | 7%  |
| T433 | Over \$53,500 but |     |
| T434 | not over \$54,000 | 6%  |
| T435 | Over \$54,000 but |     |
| T436 | not over \$54,500 | 5%  |
| T437 | Over \$54,500 but |     |
| T438 | not over \$55,000 | 4%  |
| T439 | Over \$55,000 but |     |

|      |                   |    |
|------|-------------------|----|
| T440 | not over \$55,500 | 3% |
| T441 | Over \$55,500 but |    |
| T442 | not over \$56,000 | 2% |
| T443 | Over \$56,000 but |    |
| T444 | not over \$56,500 | 1% |

1853 (F) For taxable years commencing on or after January 1, [2009] 2012,  
 1854 but prior to January 1, [2010] 2013:

| T445 | Connecticut           |                  |
|------|-----------------------|------------------|
| T446 | Adjusted Gross Income | Amount Of Credit |
| T447 | Over \$13,500 but     |                  |
| T448 | not over \$16,900     | 75%              |
| T449 | Over \$16,900 but     |                  |
| T450 | not over \$17,400     | 70%              |
| T451 | Over \$17,400 but     |                  |
| T452 | not over \$17,900     | 65%              |
| T453 | Over \$17,900 but     |                  |
| T454 | not over \$18,400     | 60%              |
| T455 | Over \$18,400 but     |                  |
| T456 | not over \$18,900     | 55%              |
| T457 | Over \$18,900 but     |                  |
| T458 | not over \$19,400     | 50%              |
| T459 | Over \$19,400 but     |                  |
| T460 | not over \$19,900     | 45%              |
| T461 | Over \$19,900 but     |                  |
| T462 | not over \$20,400     | 40%              |
| T463 | Over \$20,400 but     |                  |
| T464 | not over \$22,500     | 35%              |
| T465 | Over \$22,500 but     |                  |
| T466 | not over \$23,000     | 30%              |
| T467 | Over \$23,000 but     |                  |
| T468 | not over \$23,500     | 25%              |
| T469 | Over \$23,500 but     |                  |
| T470 | not over \$24,000     | 20%              |

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|      |                   |     |
|------|-------------------|-----|
| T471 | Over \$24,000 but |     |
| T472 | not over \$28,100 | 15% |
| T473 | Over \$28,100 but |     |
| T474 | not over \$28,600 | 14% |
| T475 | Over \$28,600 but |     |
| T476 | not over \$29,100 | 13% |
| T477 | Over \$29,100 but |     |
| T478 | not over \$29,600 | 12% |
| T479 | Over \$29,600 but |     |
| T480 | not over \$30,100 | 11% |
| T481 | Over \$30,100 but |     |
| T482 | not over \$54,000 | 10% |
| T483 | Over \$54,000 but |     |
| T484 | not over \$54,500 | 9%  |
| T485 | Over \$54,500 but |     |
| T486 | not over \$55,000 | 8%  |
| T487 | Over \$55,000 but |     |
| T488 | not over \$55,500 | 7%  |
| T489 | Over \$55,500 but |     |
| T490 | not over \$56,000 | 6%  |
| T491 | Over \$56,000 but |     |
| T492 | not over \$56,500 | 5%  |
| T493 | Over \$56,500 but |     |
| T494 | not over \$57,000 | 4%  |
| T495 | Over \$57,000 but |     |
| T496 | not over \$57,500 | 3%  |
| T497 | Over \$57,500 but |     |
| T498 | not over \$58,000 | 2%  |
| T499 | Over \$58,000 but |     |
| T500 | not over \$58,500 | 1%  |

1855 (G) For taxable years commencing on or after January 1, [2010] 2013,  
 1856 but prior to January 1, [2011] 2014:

T501 Connecticut

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| T502 | Adjusted Gross Income | Amount of Credit |
|------|-----------------------|------------------|
| T503 | Over \$14,000 but     |                  |
| T504 | not over \$17,500     | 75%              |
| T505 | Over \$17,500 but     |                  |
| T506 | not over \$18,000     | 70%              |
| T507 | Over \$18,000 but     |                  |
| T508 | not over \$18,500     | 65%              |
| T509 | Over \$18,500 but     |                  |
| T510 | not over \$19,000     | 60%              |
| T511 | Over \$19,000 but     |                  |
| T512 | not over \$19,500     | 55%              |
| T513 | Over \$19,500 but     |                  |
| T514 | not over \$20,000     | 50%              |
| T515 | Over \$20,000 but     |                  |
| T516 | not over \$20,500     | 45%              |
| T517 | Over \$20,500 but     |                  |
| T518 | not over \$21,000     | 40%              |
| T519 | Over \$21,000 but     |                  |
| T520 | not over \$23,300     | 35%              |
| T521 | Over \$23,300 but     |                  |
| T522 | not over \$23,800     | 30%              |
| T523 | Over \$23,800 but     |                  |
| T524 | not over \$24,300     | 25%              |
| T525 | Over \$24,300 but     |                  |
| T526 | not over \$24,800     | 20%              |
| T527 | Over \$24,800 but     |                  |
| T528 | not over \$29,200     | 15%              |
| T529 | Over \$29,200 but     |                  |
| T530 | not over \$29,700     | 14%              |
| T531 | Over \$29,700 but     |                  |
| T532 | not over \$30,200     | 13%              |
| T533 | Over \$30,200 but     |                  |
| T534 | not over \$30,700     | 12%              |
| T535 | Over \$30,700 but     |                  |
| T536 | not over \$31,200     | 11%              |

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|      |                   |     |
|------|-------------------|-----|
| T537 | Over \$31,200 but |     |
| T538 | not over \$56,000 | 10% |
| T539 | Over \$56,000 but |     |
| T540 | not over \$56,500 | 9%  |
| T541 | Over \$56,500 but |     |
| T542 | not over \$57,000 | 8%  |
| T543 | Over \$57,000 but |     |
| T544 | not over \$57,500 | 7%  |
| T545 | Over \$57,500 but |     |
| T546 | not over \$58,000 | 6%  |
| T547 | Over \$58,000 but |     |
| T548 | not over \$58,500 | 5%  |
| T549 | Over \$58,500 but |     |
| T550 | not over \$59,000 | 4%  |
| T551 | Over \$59,000 but |     |
| T552 | not over \$59,500 | 3%  |
| T553 | Over \$59,500 but |     |
| T554 | not over \$60,000 | 2%  |
| T555 | Over \$60,000 but |     |
| T556 | not over \$60,500 | 1%  |

1857 (H) For taxable years commencing on or after January 1, [2011] 2014,  
 1858 but prior to January 1, [2012] 2015:

|      |                       |                  |
|------|-----------------------|------------------|
| T557 | Connecticut           |                  |
| T558 | Adjusted Gross Income | Amount of Credit |
| T559 | Over \$14,500 but     |                  |
| T560 | not over \$18,100     | 75%              |
| T561 | Over \$18,100 but     |                  |
| T562 | not over \$18,600     | 70%              |
| T563 | Over \$18,600 but     |                  |
| T564 | not over \$19,100     | 65%              |
| T565 | Over \$19,100 but     |                  |
| T566 | not over \$19,600     | 60%              |
| T567 | Over \$19,600 but     |                  |

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|      |                   |     |
|------|-------------------|-----|
| T568 | not over \$20,100 | 55% |
| T569 | Over \$20,100 but |     |
| T570 | not over \$20,600 | 50% |
| T571 | Over \$20,600 but |     |
| T572 | not over \$21,100 | 45% |
| T573 | Over \$21,100 but |     |
| T574 | not over \$21,600 | 40% |
| T575 | Over \$21,600 but |     |
| T576 | not over \$24,200 | 35% |
| T577 | Over \$24,200 but |     |
| T578 | not over \$24,700 | 30% |
| T579 | Over \$24,700 but |     |
| T580 | not over \$25,200 | 25% |
| T581 | Over \$25,200 but |     |
| T582 | not over \$25,700 | 20% |
| T583 | Over \$25,700 but |     |
| T584 | not over \$30,200 | 15% |
| T585 | Over \$30,200 but |     |
| T586 | not over \$30,700 | 14% |
| T587 | Over \$30,700 but |     |
| T588 | not over \$31,200 | 13% |
| T589 | Over \$31,200 but |     |
| T590 | not over \$31,700 | 12% |
| T591 | Over \$31,700 but |     |
| T592 | not over \$32,200 | 11% |
| T593 | Over \$32,200 but |     |
| T594 | not over \$58,000 | 10% |
| T595 | Over \$58,000 but |     |
| T596 | not over \$58,500 | 9%  |
| T597 | Over \$58,500 but |     |
| T598 | not over \$59,000 | 8%  |
| T599 | Over \$59,000 but |     |
| T600 | not over \$59,500 | 7%  |
| T601 | Over \$59,500 but |     |
| T602 | not over \$60,000 | 6%  |

|      |                   |    |
|------|-------------------|----|
| T603 | Over \$60,000 but |    |
| T604 | not over \$60,500 | 5% |
| T605 | Over \$60,500 but |    |
| T606 | not over \$61,000 | 4% |
| T607 | Over \$61,000 but |    |
| T608 | not over \$61,500 | 3% |
| T609 | Over \$61,500 but |    |
| T610 | not over \$62,000 | 2% |
| T611 | Over \$62,000 but |    |
| T612 | not over \$62,500 | 1% |

1859 (I) For taxable years commencing on or after January 1, [2012] 2015:

|      |                       |                  |
|------|-----------------------|------------------|
| T613 | Connecticut           |                  |
| T614 | Adjusted Gross Income | Amount of Credit |
| T615 | Over \$15,000 but     |                  |
| T616 | not over \$18,800     | 75%              |
| T617 | Over \$18,800 but     |                  |
| T618 | not over \$19,300     | 70%              |
| T619 | Over \$19,300 but     |                  |
| T620 | not over \$19,800     | 65%              |
| T621 | Over \$19,800 but     |                  |
| T622 | not over \$20,300     | 60%              |
| T623 | Over \$20,300 but     |                  |
| T624 | not over \$20,800     | 55%              |
| T625 | Over \$20,800 but     |                  |
| T626 | not over \$21,300     | 50%              |
| T627 | Over \$21,300 but     |                  |
| T628 | not over \$21,800     | 45%              |
| T629 | Over \$21,800 but     |                  |
| T630 | not over \$22,300     | 40%              |
| T631 | Over \$22,300 but     |                  |
| T632 | not over \$25,000     | 35%              |
| T633 | Over \$25,000 but     |                  |
| T634 | not over \$25,500     | 30%              |

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|      |                   |     |
|------|-------------------|-----|
| T635 | Over \$25,500 but |     |
| T636 | not over \$26,000 | 25% |
| T637 | Over \$26,000 but |     |
| T638 | not over \$26,500 | 20% |
| T639 | Over \$26,500 but |     |
| T640 | not over \$31,300 | 15% |
| T641 | Over \$31,300 but |     |
| T642 | not over \$31,800 | 14% |
| T643 | Over \$31,800 but |     |
| T644 | not over \$32,300 | 13% |
| T645 | Over \$32,300 but |     |
| T646 | not over \$32,800 | 12% |
| T647 | Over \$32,800 but |     |
| T648 | not over \$33,300 | 11% |
| T649 | Over \$33,300 but |     |
| T650 | not over \$60,000 | 10% |
| T651 | Over \$60,000 but |     |
| T652 | not over \$60,500 | 9%  |
| T653 | Over \$60,500 but |     |
| T654 | not over \$61,000 | 8%  |
| T655 | Over \$61,000 but |     |
| T656 | not over \$61,500 | 7%  |
| T657 | Over \$61,500 but |     |
| T658 | not over \$62,000 | 6%  |
| T659 | Over \$62,000 but |     |
| T660 | not over \$62,500 | 5%  |
| T661 | Over \$62,500 but |     |
| T662 | not over \$63,000 | 4%  |
| T663 | Over \$63,000 but |     |
| T664 | not over \$63,500 | 3%  |
| T665 | Over \$63,500 but |     |
| T666 | not over \$64,000 | 2%  |
| T667 | Over \$64,000 but |     |
| T668 | not over \$64,500 | 1%  |

1860 Sec. 20. Subsection (c) of section 12-704c of the general statutes is  
1861 repealed and the following is substituted in lieu thereof (*Effective July*  
1862 *1, 2009, and applicable to taxable years commencing on or after January 1,*  
1863 *2009*):

1864 (c) (1) (A) For taxable years commencing prior to January 1, 2000, in  
1865 the case of any such taxpayer who files under the federal income tax  
1866 for such taxable year as an unmarried individual whose Connecticut  
1867 adjusted gross income exceeds fifty-two thousand five hundred  
1868 dollars, the amount of the credit that exceeds one hundred dollars shall  
1869 be reduced by ten per cent for each ten thousand dollars, or fraction  
1870 thereof, by which the taxpayer's Connecticut adjusted gross income  
1871 exceeds said amount.

1872 (B) For taxable years commencing on or after January 1, 2000, but  
1873 prior to January 1, 2001, in the case of any such taxpayer who files  
1874 under the federal income tax for such taxable year as an unmarried  
1875 individual whose Connecticut adjusted gross income exceeds fifty-  
1876 three thousand five hundred dollars, the amount of the credit that  
1877 exceeds one hundred dollars shall be reduced by ten per cent for each  
1878 ten thousand dollars, or fraction thereof, by which the taxpayer's  
1879 Connecticut adjusted gross income exceeds said amount.

1880 (C) For taxable years commencing on or after January 1, 2001, but  
1881 prior to January 1, 2004, in the case of any such taxpayer who files  
1882 under the federal income tax for such taxable year as an unmarried  
1883 individual whose Connecticut adjusted gross income exceeds fifty-four  
1884 thousand five hundred dollars, the amount of the credit shall be  
1885 reduced by ten per cent for each ten thousand dollars, or fraction  
1886 thereof, by which the taxpayer's Connecticut adjusted gross income  
1887 exceeds said amount.

1888 (D) For taxable years commencing on or after January 1, 2004, but  
1889 prior to January 1, 2007, in the case of any such taxpayer who files  
1890 under the federal income tax for such taxable year as an unmarried  
1891 individual whose Connecticut adjusted gross income exceeds fifty-five  
1892 thousand dollars, the amount of the credit shall be reduced by ten per

1893 cent for each ten thousand dollars, or fraction thereof, by which the  
1894 taxpayer's Connecticut adjusted gross income exceeds said amount.

1895 (E) For taxable years commencing on or after January 1, 2007, but  
1896 prior to January 1, 2008, in the case of any such taxpayer who files  
1897 under the federal income tax for such taxable year as an unmarried  
1898 individual whose Connecticut adjusted gross income exceeds fifty-five  
1899 thousand five hundred dollars, the amount of the credit shall be  
1900 reduced by ten per cent for each ten thousand dollars, or fraction  
1901 thereof, by which the taxpayer's Connecticut adjusted gross income  
1902 exceeds said amount.

1903 (F) For taxable years commencing on or after January 1, 2008, but  
1904 prior to January 1, 2009, in the case of any such taxpayer who files  
1905 under the federal income tax for such taxable year as an unmarried  
1906 individual whose Connecticut adjusted gross income exceeds fifty-six  
1907 thousand five hundred dollars, the amount of the credit shall be  
1908 reduced by ten per cent for each ten thousand dollars, or fraction  
1909 thereof, by which the taxpayer's Connecticut adjusted gross income  
1910 exceeds said amount.

1911 (G) For taxable years commencing on or after January 1, 2009, but  
1912 prior to January 1, 2010, in the case of any such taxpayer who files  
1913 under the federal income tax for such taxable year as an unmarried  
1914 individual whose Connecticut adjusted gross income exceeds [fifty-  
1915 eight thousand five hundred] forty-two thousand three hundred  
1916 seventy-five dollars, the amount of the credit shall be reduced by ten  
1917 per cent for each [ten thousand] seven thousand five hundred dollars,  
1918 or fraction thereof, by which the taxpayer's Connecticut adjusted gross  
1919 income exceeds said amount.

1920 (H) For taxable years commencing on or after January 1, 2010, [but  
1921 prior to January 1, 2011,] in the case of any such taxpayer who files  
1922 under the federal income tax for such taxable year as an unmarried  
1923 individual whose Connecticut adjusted gross income exceeds [sixty  
1924 thousand five hundred] fourteen thousand one hundred twenty-five  
1925 dollars, the amount of the credit shall be reduced by ten per cent for

1926 each [ten thousand] two thousand five hundred dollars, or fraction  
1927 thereof, by which the taxpayer's Connecticut adjusted gross income  
1928 exceeds said amount.

1929 [(I) For taxable years commencing on or after January 1, 2011, but  
1930 prior to January 1, 2012, in the case of any such taxpayer who files  
1931 under the federal income tax for such taxable year as an unmarried  
1932 individual whose Connecticut adjusted gross income exceeds  
1933 sixty-two thousand five hundred dollars, the amount of the credit shall  
1934 be reduced by ten per cent for each ten thousand dollars, or fraction  
1935 thereof, by which the taxpayer's Connecticut adjusted gross income  
1936 exceeds said amount.

1937 (J) For taxable years commencing on or after January 1, 2012, in the  
1938 case of any such taxpayer who files under the federal income tax for  
1939 such taxable year as an unmarried individual whose Connecticut  
1940 adjusted gross income exceeds sixty-four thousand five hundred  
1941 dollars, the amount of the credit shall be reduced by ten per cent for  
1942 each ten thousand dollars, or fraction thereof, by which the taxpayer's  
1943 Connecticut adjusted gross income exceeds said amount.]

1944 (2) [In] (A) For taxable years commencing prior to January 1, 2009,  
1945 in the case of any such taxpayer who files under the federal income tax  
1946 for such taxable year as a married individual filing separately whose  
1947 Connecticut adjusted gross income exceeds fifty thousand two  
1948 hundred fifty dollars, the amount of the credit shall be reduced by ten  
1949 per cent for each five thousand dollars, or fraction thereof, by which  
1950 the taxpayer's Connecticut adjusted gross income exceeds said  
1951 amount.

1952 (B) For taxable years commencing on or after January 1, 2009, but  
1953 prior to January 1, 2010, in the case of any such taxpayer who files  
1954 under the federal income tax for such taxable year as a married  
1955 individual filing separately whose Connecticut adjusted gross income  
1956 exceeds thirty-seven thousand six hundred eighty-eight dollars, the  
1957 amount of the credit shall be reduced by ten per cent for each three  
1958 thousand seven hundred fifty dollars, or fraction thereof, by which the

1959 taxpayer's Connecticut adjusted gross income exceeds said amount.

1960 (C) For taxable years commencing on or after January 1, 2010, in the  
1961 case of any such taxpayer who files under the federal income tax for  
1962 such taxable year as a married individual filing separately whose  
1963 Connecticut adjusted gross income exceeds twelve thousand five  
1964 hundred sixty-three dollars, the amount of the credit shall be reduced  
1965 by ten per cent for each one thousand two hundred fifty dollars, or  
1966 fraction thereof, by which the taxpayer's Connecticut adjusted gross  
1967 income exceeds said amount.

1968 (3) [In] (A) For taxable years commencing prior to January 1, 2009,  
1969 in the case of a taxpayer who files under the federal income tax for  
1970 such taxable year as a head of household whose Connecticut adjusted  
1971 gross income exceeds seventy-eight thousand five hundred dollars, the  
1972 amount of the credit shall be reduced by ten per cent for each ten  
1973 thousand dollars or fraction thereof, by which the taxpayer's  
1974 Connecticut adjusted gross income exceeds said amount.

1975 (B) For taxable years commencing on or after January 1, 2009, but  
1976 prior to January 1, 2010, in the case of any such taxpayer who files  
1977 under the federal income tax for such taxable year as a head of  
1978 household whose Connecticut adjusted gross income exceeds fifty-  
1979 eight thousand eight hundred seventy-five dollars, the amount of the  
1980 credit shall be reduced by ten per cent for each seven thousand five  
1981 hundred dollars, or fraction thereof, by which the taxpayer's  
1982 Connecticut adjusted gross income exceeds said amount.

1983 (C) For taxable years commencing on or after January 1, 2010, in the  
1984 case of any such taxpayer who files under the federal income tax for  
1985 such taxable year as a head of household whose Connecticut adjusted  
1986 gross income exceeds nineteen thousand six hundred twenty-five  
1987 dollars, the amount of the credit shall be reduced by ten per cent for  
1988 each two thousand five hundred dollars, or fraction thereof, by which  
1989 the taxpayer's Connecticut adjusted gross income exceeds said  
1990 amount.

1991       (4) [In] (A) For taxable years commencing prior to January 1, 2009,  
1992 in the case of a taxpayer who files under federal income tax for such  
1993 taxable year as married individuals filing jointly whose Connecticut  
1994 adjusted gross income exceeds one hundred thousand five hundred  
1995 dollars, the amount of the credit shall be reduced by ten per cent for  
1996 each ten thousand dollars, or fraction thereof, by which the taxpayer's  
1997 Connecticut adjusted gross income exceeds said amount.

1998       (B) For taxable years commencing on or after January 1, 2009, but  
1999 prior to January 1, 2010, in the case of any such taxpayer who files  
2000 under the federal income tax for such taxable year as married  
2001 individuals filing jointly whose Connecticut adjusted gross income  
2002 exceeds seventy-five thousand three hundred seventy-five dollars, the  
2003 amount of the credit shall be reduced by ten per cent for each seven  
2004 thousand five hundred dollars, or fraction thereof, by which the  
2005 taxpayer's Connecticut adjusted gross income exceeds said amount.

2006       (C) For taxable years commencing on or after January 1, 2010, in the  
2007 case of any such taxpayer who files under the federal income tax for  
2008 such taxable year as married individuals filing jointly whose  
2009 Connecticut adjusted gross income exceeds twenty-five thousand one  
2010 hundred twenty-five dollars, the amount of the credit shall be reduced  
2011 by ten per cent for each two thousand five hundred dollars, or fraction  
2012 thereof, by which the taxpayer's Connecticut adjusted gross income  
2013 exceeds said amount.

2014       Sec. 21. Subdivision (2) of subsection (d) of section 12-63a of the  
2015 general statutes is repealed and the following is substituted in lieu  
2016 thereof (*Effective July 1, 2010*):

2017       (2) As used in subdivision (1) of this subsection, "first sale" means  
2018 any sale or conveyance by an owner of any mobile manufactured  
2019 home on or after October 1, 1986, except a sale or conveyance to (A) an  
2020 owner's spouse; (B) an owner's brother or sister who actually resides in  
2021 the mobile manufactured home unit being sold or conveyed; or (C) any  
2022 other person if the owner makes such sale to such other person for the  
2023 purpose of using the proceeds of such sale to purchase a substitute

2024 mobile manufactured home to be located on the leasehold site being  
2025 occupied by such owner's existing mobile manufactured home. In the  
2026 case of a sale as defined in subparagraph (C) of this subdivision, the  
2027 owner's substitute mobile manufactured home subsequently located  
2028 on the owner's leasehold site shall be assessed in the same manner as  
2029 his original mobile manufactured home until a first sale. The original  
2030 mobile manufactured home removed from the owner's leasehold site  
2031 shall be assessed as provided in subsection (c) of this section, unless  
2032 the new owner of such original mobile manufactured home can  
2033 independently qualify to be assessed as such homes were assessed in  
2034 the assessment year commencing October 1, 1985, under subparagraph  
2035 (C) of this subdivision. Notwithstanding the provisions of this section,  
2036 a mobile manufactured home which is treated by a municipality as  
2037 personal property in accordance with the provisions of this subsection  
2038 shall continue to be treated as real property pursuant to [sections 12-  
2039 412c and] section 21-67a.

2040 Sec. 22. Section 12-129s of the general statutes is repealed and the  
2041 following is substituted in lieu thereof (*Effective July 1, 2010*):

2042 Any municipality may, by vote of its legislative body or, in a  
2043 municipality where the legislative body is a town meeting, by vote of  
2044 the board of selectmen, provide a property tax exemption with respect  
2045 to motor vehicles that are exempt from sales and use taxes under  
2046 subdivision [(110) or] (115) of section 12-412, as amended by this act.

2047 Sec. 23. Subdivision (19) of section 12-412 of the general statutes is  
2048 repealed and the following is substituted in lieu thereof (*Effective July*  
2049 *1, 2010*):

2050 (19) Sales of and the storage, use or other consumption of (A)  
2051 oxygen, blood or blood plasma when sold for medical use in humans  
2052 or animals; (B) artificial devices individually designed, constructed or  
2053 altered solely for the use of a particular handicapped person so as to  
2054 become a brace, support, supplement, correction or substitute for the  
2055 bodily structure, including the extremities of the individual, and repair  
2056 or replacement parts and repair services rendered to property

2057 described in this subparagraph; (C) artificial limbs, artificial eyes and  
2058 other equipment worn as a correction or substitute for any functioning  
2059 portion of the body, custom-made wigs or hairpieces for persons with  
2060 medically diagnosed total and permanent hair loss as a result of  
2061 disease or the treatment of disease, artificial hearing aids when  
2062 designed to be worn on the person of the owner or user, closed circuit  
2063 television equipment used as a reading aid by persons who are  
2064 visually impaired and repair or replacement parts and repair services  
2065 rendered to property described in this subparagraph; (D) canes,  
2066 crutches, walkers, wheel chairs and inclined stairway chairlifts for the  
2067 use of invalids and handicapped persons, and repair or replacement  
2068 parts and repair services to property described in this subparagraph;  
2069 (E) any equipment used in support of or to supply vital life functions,  
2070 including oxygen supply equipment used for humans or animals,  
2071 kidney dialysis machines and any other such device used in necessary  
2072 support of vital life functions, and apnea monitors, and repair or  
2073 replacement parts and repair services rendered to property described  
2074 in this subparagraph; and (F) support hose that is specially designed to  
2075 aid in the circulation of blood and is purchased by a person who has a  
2076 medical need for such hose. Repair or replacement parts are exempt  
2077 whether purchased separately or in conjunction with the item for  
2078 which they are intended, and whether such parts continue the original  
2079 function or enhance the functionality of such item. As used in this  
2080 subdivision, "repair services" means services that are described in  
2081 subparagraph (Q) or (CC) of subdivision [(37)] (34) of subsection (a) of  
2082 section 12-407.

2083 Sec. 24. Subdivision (85) of section 12-412 of the general statutes is  
2084 repealed and the following is substituted in lieu thereof (*Effective July*  
2085 *1, 2010*):

2086 (85) Sales of any landscaping and horticultural services, window  
2087 cleaning services or maintenance services, as described in  
2088 subparagraph (I) of subdivision [(37)] (34) of subsection (a) of section  
2089 12-407, on or after July 1, 1994, which are rendered to a person  
2090 determined to be eligible for, and currently receiving, total disability

2091 benefits under the Social Security Act, provided such services are  
2092 rendered at the residence of such person.

2093 Sec. 25. Subdivision (106) of section 12-412 of the general statutes is  
2094 repealed and the following is substituted in lieu thereof (*Effective July*  
2095 *1, 2010*):

2096 (106) Sales of services enumerated in subparagraph (J) of  
2097 subdivision [(37)] (34) of subsection (a) of section 12-407, on or after  
2098 July 1, 1999, which services are rendered to the central clearinghouse  
2099 organized and operated under the direction of the Department of  
2100 Public Utility Control, by the public utilities of this state for receiving  
2101 and giving the notices required by section 16-349.

2102 Sec. 26. Subdivision (3) of subsection (a) of section 12-458 of the  
2103 general statutes is repealed and the following is substituted in lieu  
2104 thereof (*Effective July 1, 2010*):

2105 (3) Said tax shall not be payable on such fuel as may have been (A)  
2106 sold to the United States, (B) sold to a municipality of this state, (i) for  
2107 use by any contractor performing a service for such municipality in  
2108 accordance with a contract, provided such fuel is used by such  
2109 contractor exclusively for the purposes of and in accordance with such  
2110 contract, or (ii) for use exclusively in a school bus, as defined in section  
2111 14-275, (C) sold to a municipality of this state, a transit district of this  
2112 state, or this state, at other than a retail outlet, for governmental  
2113 purposes and for use in vehicles owned and operated, or leased and  
2114 operated by such municipality, such transit district or this state, (D)  
2115 sold to a person licensed as a distributor in this state under section 12-  
2116 456, (E) transferred from storage within this state to some point  
2117 without this state, (F) sold to the holder of a permit issued under  
2118 section 12-458a for sale or use without this state, (G) sold to [the holder  
2119 of a permit issued under subdivision (63) of section 12-412] a farmer  
2120 engaged in agricultural production as a trade or business, provided (i)  
2121 such fuel is not used in motor vehicles registered or required to be  
2122 registered to operate upon the public highways of this state, unless  
2123 such fuel is used in motor vehicles registered exclusively for farming

2124 purposes, (ii) such fuel is not delivered, upon such sale, to a tank in  
2125 which such person keeps fuel for personal and farm use, and (iii) a  
2126 statement, prescribed as to form by the Commissioner of Revenue  
2127 Services and bearing notice to the effect that false statements made  
2128 under this section are punishable, that such fuel is used exclusively for  
2129 farming purposes, is submitted by such person to the distributor, (H)  
2130 sold exclusively to furnish power for an industrial plant in the actual  
2131 fabrication of finished products to be sold, or for the fishing industry,  
2132 (I) sold exclusively for heating purposes, (J) sold exclusively to furnish  
2133 gas, water, steam or electricity, if delivered to consumers through  
2134 mains, lines or pipes, (K) sold to the owner or operator of an aircraft, as  
2135 defined in section 15-34, exclusively for aviation purposes, provided (i)  
2136 for purposes of this subdivision, "aviation purposes" means for the  
2137 purpose of powering an aircraft or an aircraft engine, (ii) such fuel is  
2138 delivered, upon such sale, to a tank in which fuel is kept exclusively  
2139 for aviation purposes, and (iii) a statement, prescribed as to form by  
2140 the Commissioner of Revenue Services and bearing notice to the effect  
2141 that false statements made under this section are punishable, that such  
2142 fuel is used exclusively for aviation purposes, is submitted by such  
2143 person to the distributor, (L) sold to a dealer who is licensed under  
2144 section 12-462 and whose place of business is located upon an  
2145 established airport within this state, or (M) diesel fuel sold exclusively  
2146 for use in portable power system generators that are larger than one  
2147 hundred fifty kilowatts.

2148 Sec. 27. Subdivision (2) of subsection (b) of section 12-587 of the  
2149 general statutes is repealed and the following is substituted in lieu  
2150 thereof (*Effective July 1, 2010*):

2151 (2) Gross earnings derived from the first sale of the following  
2152 petroleum products within this state shall be exempt from tax: (A) Any  
2153 petroleum products sold for exportation from this state for sale or use  
2154 outside this state; (B) the product designated by the American Society  
2155 for Testing and Materials as "Specification for Heating Oil D396-69",  
2156 commonly known as number 2 heating oil, to be used exclusively for  
2157 heating purposes or to be used in a commercial fishing vessel, which

2158 vessel qualifies for an exemption pursuant to section 12-412, as  
2159 amended by this act; (C) kerosene, commonly known as number 1 oil,  
2160 to be used exclusively for heating purposes, provided delivery is of  
2161 both number 1 and number 2 oil, and via a truck with a metered  
2162 delivery ticket to a residential dwelling or to a centrally metered  
2163 system serving a group of residential dwellings; (D) the product  
2164 identified as propane gas, to be used exclusively for heating purposes;  
2165 (E) bunker fuel oil, intermediate fuel, marine diesel oil and marine gas  
2166 oil to be used in any vessel having a displacement exceeding four  
2167 thousand dead weight tons; (F) for any first sale occurring prior to July  
2168 1, 2008, propane gas to be used as a fuel for a motor vehicle; (G) for  
2169 any first sale occurring on or after July 1, 2002, grade number 6 fuel oil,  
2170 as defined in regulations adopted pursuant to section 16a-22c, to be  
2171 used exclusively by a company which, in accordance with census data  
2172 contained in the Standard Industrial Classification Manual, United  
2173 States Office of Management and Budget, 1987 edition, is included in  
2174 code classifications 2000 to 3999, inclusive, or in Sector 31, 32 or 33 in  
2175 the North American Industrial Classification System United States  
2176 Manual, United States Office of Management and Budget, 1997 edition;  
2177 (H) for any first sale occurring on or after July 1, 2002, number 2  
2178 heating oil to be used exclusively in a vessel primarily engaged in  
2179 interstate commerce, which vessel qualifies for an exemption under  
2180 section 12-412, as amended by this act; (I) for any first sale occurring  
2181 on or after July 1, 2000, paraffin or microcrystalline waxes; (J) for any  
2182 first sale occurring prior to July 1, 2008, petroleum products to be used  
2183 as a fuel for a fuel cell, [as defined in subdivision (113) of section 12-  
2184 412] where "fuel cell" means a device that directly or indirectly  
2185 produces electricity directly from hydrogen or hydrocarbon fuel  
2186 through a noncombustive electro-chemical process; (K) a commercial  
2187 heating oil blend containing not less than ten per cent of alternative  
2188 fuels derived from agricultural produce, food waste, waste vegetable  
2189 oil or municipal solid waste, including, but not limited to, biodiesel or  
2190 low sulfur dyed diesel fuel; or (L) for any first sale occurring on or  
2191 after July 1, 2007, diesel fuel other than diesel fuel to be used in an  
2192 electric generating facility to generate electricity.

2193 Sec. 28. Subsection (c) of section 21-67a of the general statutes is  
2194 repealed and the following is substituted in lieu thereof (*Effective July*  
2195 *1, 2010*):

2196 (c) On or after October 1, 1986, conveyances of title of mobile  
2197 manufactured homes in mobile manufactured home parks licensed  
2198 under this chapter or located on single-family lots owned by a person  
2199 other than the homeowner shall comply with the following  
2200 requirements: (1) The document conveying the title shall contain (A) a  
2201 description of the mobile manufactured home, setting forth the name  
2202 of the manufacturer, the model number, the serial number and all  
2203 encumbrances on the home, (B) the name and address of the mobile  
2204 manufactured home park in which the home is located, including lot  
2205 number, if any, within the park, or for those homes not situated in  
2206 mobile manufactured home parks, the name and address of the  
2207 individual owning the lot on which the home is located and the  
2208 address of the lot, and (C) the amount due and owing, if any, for  
2209 property taxes to the municipality in which the mobile manufactured  
2210 home is located; and (2) the document conveying title shall be filed in  
2211 the town clerk's office of the municipality in which the home is located  
2212 for recording on the land records. [; and (3) any taxes imposed as  
2213 provided in subsection (b) of section 12-412c which have become due  
2214 shall have been paid in full.] No purchaser of a mobile manufactured  
2215 home shall be entitled to assume the tenancy or rental agreement of the  
2216 seller in a mobile manufactured home park until such purchaser has  
2217 complied with [subdivisions (2) and (3)] subdivision (2) of this  
2218 subsection.

2219 Sec. 29. Section 22a-9 of the general statutes is repealed and the  
2220 following is substituted in lieu thereof (*Effective July 1, 2010*):

2221 The commissioner shall act as the official agent of the state in all  
2222 matters affecting the purposes of this title and sections 2-20a, 5-238a,  
2223 subsection (c) of section 7-131a, sections 7-131e, 7-131f, subsection (a)  
2224 of section 7-131g, sections 7-131i, 7-131l, subsection (a) of section 10-  
2225 409, subdivisions (51) and (52) of section 12-81, [subdivisions (21) and

2226 (22) of section 12-412,] subsections (a) and (b) of section 13a-94,  
2227 sections 13a-142a, 13b-56, 13b-57, 14-100b, 14-164c, chapter 268,  
2228 sections 16a-103, 22-91c, 22-91e, subsections (b) and (c) of section 22a-  
2229 148, section 22a-150, subdivisions (2) and (3) of section 22a-151,  
2230 sections 22a-153, 22a-154, 22a-155, 22a-156, 22a-158, chapter 446c,  
2231 sections 22a-295, 22a-300, 22a-308, 22a-416, chapters 446h to 446k,  
2232 inclusive, chapters 447 and 448, sections 23-35, 23-37a, 23-41, chapter  
2233 462, section 25-34, chapter 477, subsection (b) of section 25-128,  
2234 subsection (a) of section 25-131, chapters 490 and 491 and sections 26-  
2235 257, 26-297, 26-303 and 47-46a, under any federal laws now or  
2236 hereafter to be enacted and as the official agent of any municipality,  
2237 district, region or authority or other recognized legal entity in  
2238 connection with the grant or advance of any federal or other funds or  
2239 credits to the state or through the state, to its political subdivisions.

2240 Sec. 30. Subsection (a) of section 26-82 of the general statutes is  
2241 repealed and the following is substituted in lieu thereof (*Effective July*  
2242 *1, 2010*):

2243 (a) No person shall hunt, pursue, wound or kill any deer or sell or  
2244 offer for sale or have in possession the flesh of any deer captured or  
2245 killed in this state, or have in possession the flesh of any deer from any  
2246 other state or country unless it is properly tagged as required by such  
2247 state or country except as provided by the terms of this chapter or  
2248 regulations adopted pursuant thereto, and except that any landowner  
2249 or primary lessee of land owned by such landowner or the husband or  
2250 wife or any lineal descendant of such landowner or lessee or any  
2251 designated agent of such landowner or lessee may kill deer with a  
2252 shotgun, rifle or bow and arrow provided a damage permit has first  
2253 been obtained from the commissioner and such person has not been  
2254 convicted for any violation of this section, section 26-85, 26-86a, 26-86b  
2255 or 26-90 or subsection (b) of section 26-86a-2 of the regulations of  
2256 Connecticut state agencies within three years preceding the date of  
2257 application. Upon the receipt of an application, on forms provided by  
2258 the commissioner and containing such information as said  
2259 commissioner may require, from any landowner who has or whose

2260 primary lessee has an actual or potential gross annual income of  
2261 twenty-five hundred dollars or more from the commercial cultivated  
2262 production of grain, forage, fruit, vegetables, flowers, ornamental  
2263 plants or Christmas trees and who is experiencing an actual or  
2264 potential loss of income because of severe damage by deer, the  
2265 commissioner shall issue not more than six damage permits without  
2266 fee to such landowner or the primary lessee of such landowner, or the  
2267 wife, husband, lineal descendant or designated agent of such  
2268 landowner or lessee. The application shall be notarized and signed by  
2269 all landowners, [or by the landowner or a lessee to whom a farmer tax  
2270 exemption permit has been issued pursuant to subdivision (63) of  
2271 section 12-412.] Such damage permit shall be valid through October  
2272 thirty-first of the year in which it is issued and may specify the hunting  
2273 implement or shot size or both which shall be used to take such deer.  
2274 The commissioner may at any time revoke such permit for violation of  
2275 any provision of this section or for violation of any regulation pursuant  
2276 thereto or upon the request of the applicant. Notwithstanding the  
2277 provisions of section 26-85, the commissioner may issue a permit to  
2278 any landowner or primary lessee of land owned by such landowner or  
2279 the husband or wife or any lineal descendant of such landowner or  
2280 lessee and to not more than three designated agents of such landowner  
2281 or lessee to use a jacklight for the purpose of taking deer when it is  
2282 shown, to the satisfaction of the commissioner, that such deer are  
2283 causing damage which cannot be reduced during the daylight hours  
2284 between sunrise and one-half hour after sunset on the land of such  
2285 landowner. The commissioner may require notification as specified on  
2286 such permit prior to its use. Any deer killed in accordance with the  
2287 provisions of this section shall be the property of the owner of the land  
2288 upon which the same has been killed, but shall not be sold, bartered,  
2289 traded or offered for sale, and the person who kills any such deer shall  
2290 tag and report each deer killed, as provided in section 26-86b. Upon  
2291 receipt of the report required by section 26-86b, the commissioner shall  
2292 issue an additional damage permit to the person making such report.  
2293 Any deer killed otherwise than under the conditions provided for in  
2294 this chapter or regulations adopted pursuant thereto shall remain the

2295 property of the state and may be disposed of by the commissioner at  
2296 the commissioner's discretion to any state institution or may be sold  
2297 and the proceeds of such sale shall be remitted to the State Treasurer,  
2298 who shall apply the same to the General Fund, and no person, except  
2299 the commissioner, shall retail, sell or offer for sale the whole or any  
2300 part of any such deer. No person shall be a designated agent of more  
2301 than one landowner or primary lessee in any calendar year. No person  
2302 shall make, set or use any trap, snare, salt lick, bait or other device for  
2303 the purpose of taking, injuring or killing any deer, except that deer  
2304 may be taken over an attractant in areas designated by the  
2305 commissioner. For the purposes of this section, an attractant means  
2306 any natural or artificial substance placed, exposed, deposited,  
2307 distributed or scattered that is used to attract, entice or lure deer to a  
2308 specific location including, but not limited to, salt, chemicals or  
2309 minerals, including their residues or any natural or artificial food, hay,  
2310 grain, fruit or nuts. The commissioner may authorize any municipality,  
2311 homeowner association or nonprofit land-holding organization  
2312 approved by the commissioner under the provisions of this section to  
2313 take deer at any time, other than Sundays, or place using any method  
2314 consistent with professional wildlife management principles when a  
2315 severe nuisance or ecological damage can be demonstrated to the  
2316 satisfaction of the commissioner. Any such municipality, homeowner  
2317 association or nonprofit land-holding organization shall submit to the  
2318 commissioner, for the commissioner's review and approval, a plan that  
2319 describes the extent and degree of the nuisance or ecological damage  
2320 and the proposed methods of taking. Prior to the implementation of  
2321 any such approved plan, the municipality, homeowner association or  
2322 nonprofit land-holding organization shall provide notice of such plan  
2323 to any abutting landowners of such place where the plan will be  
2324 implemented. Such plan shall not authorize the use of a snare. No  
2325 person shall hunt, pursue or kill deer being pursued by any dog,  
2326 whether or not such dog is owned or controlled by such person, except  
2327 that no person shall be guilty of a violation under this section when  
2328 such a deer is struck by a motor vehicle operated by such person. No  
2329 person shall use or allow any dog in such person's charge to hunt,

2330 pursue or kill deer. No permit shall be issued when in the opinion of  
2331 the commissioner the public safety may be jeopardized.

2332 Sec. 31. Section 52-568a of the general statutes is repealed and the  
2333 following is substituted in lieu thereof (*Effective July 1, 2010*):

2334 Any person or any attorney who represents such person, who  
2335 commences any civil action or complaint, in his own name or the name  
2336 of others, against the owner or operator of a "pick or cut your own  
2337 agricultural operation" (1) without probable cause, shall pay such  
2338 owner or operator double damages, including, in the discretion of the  
2339 court, costs and attorney's fees, or (2) without probable cause, and with  
2340 a malicious intent unjustly to vex and trouble such owner or operator,  
2341 shall pay such owner or operator treble damages including, in the  
2342 discretion of the court, costs and attorney's fees. As used in this  
2343 section, "pick or cut your own agricultural operation" means a farm [to  
2344 whom the Department of Revenue Services has issued a farmer tax  
2345 exemption permit under subdivision (63) of section 12-412] that allows  
2346 any person to enter such farm for the purpose of agricultural  
2347 harvesting, including the cutting of Christmas trees. Nothing in this  
2348 section shall be construed to affect or abrogate the provisions of section  
2349 52-568.

2350 Sec. 32. Subdivisions (21), (22), (31), (40), (41), (43), (44), (50), (52),  
2351 (53), (58), (63), (64), (65), (66), (71), (72), (74), (82), (83), (88), (89), (90),  
2352 (91), (95), (102), (104), (108), (109), (110), (111), (113) and (117) of section  
2353 12-412 of the general statutes and sections 12-412c, 12-412i, 12-413b and  
2354 12-430a of the general statutes are repealed. (*Effective July 1, 2010, and*  
2355 *applicable to sales occurring on or after July 1, 2010*)

|   |  |         |
|---|--|---------|
| This act shall take effect as follows and shall amend the following sections: |  |         |
| Section 1   | <i>July 1, 2009, and applicable to income years commencing on or after January 1, 2009</i> | 12-211a |

|         |   |              |
|---------|---|--------------|
| Sec. 2  | <i>July 1, 2009, and applicable to income years commencing on or after January 1, 2009</i>      | 12-214(a)(2) |
| Sec. 3  | <i>July 1, 2009, and applicable to income years commencing on or after January 1, 2009</i>      | 12-214(b)    |
| Sec. 4  | <i>July 1, 2009, and applicable to income years commencing on or after January 1, 2009</i>      | 12-217(a)(1) |
| Sec. 5  | <i>July 1, 2009, and applicable to income years commencing on or after January 1, 2009</i>      | 12-217zz     |
| Sec. 6  | <i>July 1, 2009, and applicable to income years commencing on or after January 1, 2009</i>      | 12-218(c)    |
| Sec. 7  | <i>July 1, 2009, and applicable to income years commencing on or after January 1, 2009</i>      | 12-219(b)    |
| Sec. 8  | <i>January 1, 2010, and applicable to sales occurring on or after January 1, 2010</i>           | 12-296       |
| Sec. 9  | <i>January 1, 2010, and applicable to sales occurring on or after January 1, 2010</i>           | 12-316       |
| Sec. 10 | <i>January 1, 2010</i>  | New section  |
| Sec. 11 | <i>July 1, 2009, and applicable to estates of decedents who die on or after January 1, 2009</i> | New section  |
| Sec. 12 | <i>July 1, 2010, and applicable to sales occurring on and after July 1, 2010</i>                | 12-407       |
| Sec. 13 | <i>July 1, 2009</i>   | 12-407e      |

|         |   |                  |
|---------|---|------------------|
| Sec. 14 | <i>July 1, 2010, and applicable to sales occurring on and after July 1, 2010</i>            | 12-412(5)        |
| Sec. 15 | <i>July 1, 2010, and applicable to sales occurring on and after July 1, 2010</i>            | 12-430           |
| Sec. 16 | <i>July 1, 2009, and applicable to taxable years commencing on or after January 1, 2009</i> | 12-700(a)        |
| Sec. 17 | <i>July 1, 2009, and applicable to taxable years commencing on or after January 1, 2009</i> | 12-701(20)(A)    |
| Sec. 18 | <i>July 1, 2009, and applicable to taxable years commencing on or after January 1, 2009</i> | 12-702(a)        |
| Sec. 19 | <i>July 1, 2009, and applicable to taxable years commencing on or after January 1, 2009</i> | 12-703(a)        |
| Sec. 20 | <i>July 1, 2009, and applicable to taxable years commencing on or after January 1, 2009</i> | 12-704c(c)       |
| Sec. 21 | <i>July 1, 2010</i>   | 12-63a(d)(2)     |
| Sec. 22 | <i>July 1, 2010</i>   | 12-129s          |
| Sec. 23 | <i>July 1, 2010</i>   | 12-412(19)       |
| Sec. 24 | <i>July 1, 2010</i>   | 12-412(85)       |
| Sec. 25 | <i>July 1, 2010</i>   | 12-412(106)      |
| Sec. 26 | <i>July 1, 2010</i>   | 12-458(a)(3)     |
| Sec. 27 | <i>July 1, 2010</i>   | 12-587(b)(2)     |
| Sec. 28 | <i>July 1, 2010</i>   | 21-67a(c)        |
| Sec. 29 | <i>July 1, 2010</i>   | 22a-9            |
| Sec. 30 | <i>July 1, 2010</i>   | 26-82(a)         |
| Sec. 31 | <i>July 1, 2010</i>   | 52-568a          |
| Sec. 32 | <i>July 1, 2010, and applicable to sales occurring on or after July 1, 2010</i>             | Repealer section |

**FIN**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

## OFA Fiscal Note and OLR Bill Analysis

### sSB-932

#### **AN ACT CONCERNING VARIOUS REVENUE MEASURES.**

#### **OFA SUMMARY IMPACT:**

##### **State Impact:**

| Agency Affected                | Fund-Effect       | FY 10 \$      | FY 11 \$               |
|--------------------------------|-------------------|---------------|------------------------|
| Department of Revenue Services | GF - Revenue Gain | 1.653 billion | 1.600 to 1.640 billion |
| Department of Revenue Services | GF - Cost         | 500,000       | None                   |

Note: GF=General Fund

##### **Municipal Impact:** None

In addition to the revenue impact outlined below the Department of Revenue Services will incur primarily one-time costs of \$500,000 to administer the tax changes. These costs are likely to be incurred in FY 10.

#### **OLR SUMMARY:**

This bill increases the income tax by:

1. adding four higher-income brackets to the tax and raising the rates on those brackets from 5% to between 6% and 7.95% and to a flat 7.95% for trusts and estates,
2. lowering income eligibility for the property tax credit against the tax by 25% (27% for single filers) for the 2009 tax year and 75% (76% for single filers) for tax year 2010 and after,
3. delaying scheduled income tax reductions for single filers by three years, and

4. prohibiting taxpayers from using the federal domestic production activity deduction when calculating state income tax.

The bill increases business taxes by:

1. imposing a 30% corporation tax surcharge for income years 2009, 2010, and 2011;
2. reducing the maximum amount by which companies can use tax credits to reduce their corporation or insurance premium tax liability from 70% to 65% for the 2009 income year and 50% for 2010 and after;
3. barring companies from using the federal domestic production activity deduction to reduce their corporation tax liability; and
4. eliminating corporation tax exemptions for (a) domestic international service corporations (DISCs) and (b) income other companies receive from such companies.

The bill also:

1. increases the cigarette tax from \$2 to \$2.50 per pack as of January 1, 2010;
2. imposes a 30% surcharge on estates of those who die during 2009, 2010, and 2011 that exceed \$2 million and are subject to Connecticut estate tax;
3. suspends the sales tax free week for 2009 and 2010; and
4. as of July 1, 2010, eliminates many sales tax exemptions and extends the tax to charges for additional services.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: Various. See below.

## **INCOME TAX**

## § 16 – Rate Increase

### OFA Fiscal Impact

The bill is anticipated to result in General Fund revenue to the personal income tax of \$1.226 billion in FY 10 and \$825.9 million per year beginning in FY 11. The expected revenue gain for FY 10 is for 18 months (January 2009 through June 2010).

### OLR Analysis

This bill increases income taxes for those with taxable incomes over \$250,000 for joint filers, \$132,500 for single filers, \$200,000 for heads of household, and \$125,000 for married people filing separately. It does so by adding four higher-income brackets and increasing the marginal tax rates for those brackets from a flat 5.0% to a range of 6.0% to 7.95%. It increases the flat tax rate for trusts and estates from 5.0% to 7.95%.

Table 1 shows tax rates and brackets under the current law and the bill. (Note: The tax rates shown apply only to the taxable income in the applicable bracket, not to all of a taxpayer's income.)

**TABLE 1: CURRENT AND PROPOSED TAX RATES AND BRACKETS**

| TAX RATES      |             | CT TAXABLE INCOME             |                     |                                  |                     |
|----------------|-------------|-------------------------------|---------------------|----------------------------------|---------------------|
|                |             | <i>Married Filing Jointly</i> |                     | <i>Single</i>                    |                     |
| <i>Current</i> | <i>Bill</i> | <i>Over</i>                   | <i>But Not Over</i> | <i>Over</i>                      | <i>But Not Over</i> |
| 3.0%           | 3.0%        | \$0                           | \$20,000            | \$0                              | \$10,000            |
| 5.0%           | 5.0%        | 20,000                        | 250,000             | 10,000                           | 132,500             |
|                | 6.0%        | 250,000                       | 500,000             | 132,500                          | 265,000             |
|                | 7.0%        | 500,000                       | 750,000             | 265,000                          | 397,500             |
|                | 7.5%        | 750,000                       | 1,000,000           | 397,500                          | 530,000             |
|                | 7.95%       | Over \$1,000,000              |                     | Over \$530,000                   |                     |
| TAX RATES      |             | <i>Head of Household</i>      |                     | <i>Married Filing Separately</i> |                     |
| <i>Current</i> | <i>Bill</i> | <i>Over</i>                   | <i>But Not Over</i> | <i>Over</i>                      | <i>But Not Over</i> |
| 3.0%           | 3.0%        | \$0                           | \$16,000            | \$0                              | \$10,000            |
| 5.0%           | 5.0%        | 16,000                        | 200,000             | 10,000                           | 125,000             |
|                | 6.0%        | 200,000                       | 400,000             | 125,000                          | 250,000             |
|                | 7.0%        | 400,000                       | 600,000             | 250,000                          | 375,000             |
|                | 7.5%        | 600,000                       | 800,000             | 375,000                          | 500,000             |
|                | 7.95%       | Over \$800,000                |                     | Over \$500,000                   |                     |

EFFECTIVE DATE: July 1, 2009 and applicable to tax years starting

on or after January 1, 2009.

## § 20 – Property Tax Credit

### OFA Fiscal Impact

The bill is anticipated to result in a General Fund revenue gain to the personal income tax of \$72.5 million in FY 10 and \$324.0 million per year beginning in FY 11.

### OLR Analysis

The bill lowers the income thresholds for phasing out the property tax credit against the income tax by 25% (27% for single filers) for the 2009 tax year and 75% (76% for single filers) for the 2010 tax year. It also makes the phase-out steps smaller so the credit phases out faster. These changes make fewer taxpayers eligible for the credit and reduce the maximum amounts taxpayers receive if their incomes exceed the lower phase-out thresholds. Table 2 shows the current and proposed credit phase-out thresholds for the two years, by filing status.

**TABLE 2: MAXIMUM PROPERTY TAX CREDIT AND PHASE-OUT SCHEDULES BY FILING STATUS**

| <i>Married Filing Jointly</i> |                    |                        |                                |                        |                                |                        |
|-------------------------------|--------------------|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|
| <i>Maximum Credit</i>         | <i>Current Law</i> |                        | <i>The Bill: Tax Year 2009</i> |                        | <i>The Bill: Tax Year 2010</i> |                        |
|                               | <i>CT AGI Over</i> | <i>CT AGI Not Over</i> | <i>CT AGI Over</i>             | <i>CT AGI Not Over</i> | <i>CT AGI Over</i>             | <i>CT AGI Not Over</i> |
| \$500                         | \$0                | \$100,500              | \$0                            | \$75,375               | \$0                            | \$25,125               |
| 450                           | 100,500            | 110,500                | 75,375                         | 82,875                 | 25,125                         | 27,625                 |
| 400                           | 110,500            | 120,500                | 82,875                         | 90,375                 | 27,625                         | 30,125                 |
| 350                           | 120,500            | 130,500                | 90,375                         | 97,875                 | 30,125                         | 32,625                 |
| 300                           | 130,500            | 140,500                | 97,875                         | 105,375                | 32,625                         | 35,125                 |
| 250                           | 140,500            | 150,500                | 105,375                        | 112,875                | 35,125                         | 37,625                 |
| 200                           | 150,500            | 160,500                | 112,875                        | 120,375                | 37,625                         | 40,125                 |
| 150                           | 160,500            | 170,500                | 120,375                        | 127,875                | 40,125                         | 42,625                 |
| 100                           | 170,500            | 180,500                | 127,875                        | 135,375                | 42,625                         | 45,125                 |
| 50                            | 180,500            | 190,500                | 135,375                        | 142,875                | 45,125                         | 47,625                 |
| 0                             | Over \$190,500     |                        | Over \$142,875                 |                        | Over \$47,625                  |                        |
| <i>Single</i>                 |                    |                        |                                |                        |                                |                        |
| <i>Maximum Credit</i>         | <i>Current Law</i> |                        | <i>The Bill: Tax Year 2009</i> |                        | <i>The Bill: Tax Year 2010</i> |                        |
|                               | <i>CT AGI Over</i> | <i>CT AGI Not Over</i> | <i>CT AGI Over</i>             | <i>CT AGI Not Over</i> | <i>CT AGI Over</i>             | <i>CT AGI Not Over</i> |

|                                  |                    |                  |                                |                  |                                |                  |
|----------------------------------|--------------------|------------------|--------------------------------|------------------|--------------------------------|------------------|
| \$500                            | \$0                | \$58,500         | \$0                            | \$42,375         | \$0                            | \$14,125         |
| 450                              | 58,500             | 68,500           | 42,375                         | 49,875           | 14,125                         | 16,625           |
| 400                              | 68,500             | 78,500           | 49,875                         | 57,375           | 16,625                         | 19,125           |
| 350                              | 78,500             | 88,500           | 57,375                         | 64,875           | 19,125                         | 21,625           |
| 300                              | 88,500             | 98,500           | 64,875                         | 72,375           | 21,625                         | 24,125           |
| 250                              | 98,500             | 108,500          | 72,375                         | 79,875           | 24,125                         | 26,625           |
| 200                              | 108,500            | 118,500          | 79,875                         | 87,375           | 26,625                         | 29,125           |
| 150                              | 118,500            | 128,500          | 87,375                         | 94,875           | 29,125                         | 31,625           |
| 100                              | 128,500            | 138,500          | 94,875                         | 102,375          | 31,625                         | 34,125           |
| 50                               | 138,500            | 148,500          | 102,375                        | 109,875          | 34,125                         | 36,625           |
| 0                                | Over \$148,500     |                  | Over \$109,875                 |                  | Over \$36,625                  |                  |
| <b>Head of Household</b>         |                    |                  |                                |                  |                                |                  |
| <b>Maximum Credit</b>            | <b>Current Law</b> |                  | <b>The Bill: Tax Year 2009</b> |                  | <b>The Bill: Tax Year 2010</b> |                  |
|                                  | CT AGI/ Over       | CT AGI/ Not Over | CT AGI/ Over                   | CT AGI/ Not Over | CT AGI/ Over                   | CT AGI/ Not Over |
| \$500                            | \$0                | \$78,500         | \$0                            | \$58,875         | \$0                            | \$19,625         |
| 450                              | 78,500             | 88,500           | 58,875                         | 66,375           | 19,625                         | 22,125           |
| 400                              | 88,500             | 98,500           | 66,375                         | 73,875           | 22,125                         | 24,625           |
| 350                              | 98,500             | 108,500          | 73,875                         | 81,375           | 24,625                         | 27,125           |
| 300                              | 108,500            | 118,500          | 81,375                         | 88,875           | 27,125                         | 29,625           |
| 250                              | 118,500            | 128,500          | 88,875                         | 96,375           | 29,625                         | 32,125           |
| 200                              | 128,500            | 138,500          | 96,375                         | 103,875          | 32,125                         | 34,625           |
| 150                              | 138,500            | 148,500          | 103,875                        | 111,375          | 34,625                         | 37,125           |
| 100                              | 148,500            | 158,500          | 111,375                        | 118,875          | 37,125                         | 39,625           |
| 50                               | 158,500            | 168,500          | 118,875                        | 126,375          | 39,625                         | 42,125           |
| 0                                | Over \$168,500     |                  | Over \$126,375                 |                  | Over \$42,125                  |                  |
| <b>Married Filing Separately</b> |                    |                  |                                |                  |                                |                  |
| <b>Maximum Credit</b>            | <b>Current Law</b> |                  | <b>The Bill: Tax Year 2009</b> |                  | <b>The Bill: Tax Year 2010</b> |                  |
|                                  | CT AGI/ Over       | CT AGI/ Not Over | CT AGI/ Over                   | CT AGI/ Not Over | CT AGI/ Over                   | CT AGI/ Not Over |
| \$500                            | \$0                | \$50,250         | \$0                            | \$37,688         | \$0                            | \$12,563         |
| 450                              | 50,250             | 55,250           | 37,688                         | 41,438           | 12,563                         | 13,813           |
| 400                              | 55,250             | 60,250           | 41,438                         | 45,188           | 13,813                         | 15,063           |
| 350                              | 60,250             | 65,250           | 45,188                         | 48,938           | 15,063                         | 16,313           |
| 300                              | 65,250             | 70,250           | 48,938                         | 52,688           | 16,313                         | 17,656           |
| 250                              | 70,250             | 75,250           | 52,688                         | 56,438           | 17,656                         | 18,183           |
| 200                              | 75,250             | 80,250           | 56,438                         | 60,188           | 18,183                         | 20,063           |
| 150                              | 80,250             | 85,250           | 60,188                         | 63,938           | 20,063                         | 21,313           |
| 100                              | 85,250             | 90,250           | 63,938                         | 67,688           | 21,313                         | 22,563           |
| 50                               | 95,250             | 100,250          | 67,688                         | 71,438           | 22,563                         | 23,813           |
| 0                                | Over \$100,250     |                  | Over \$71,438                  |                  | Over \$23,813                  |                  |

EFFECTIVE DATE: July 1, 2009 and applicable to tax years starting

on or after January 1, 2009.

## **§§ 18 & 19 – Delay in Scheduled Income Tax Reductions for Single Filers**

### **OFA Fiscal Impact**

The bill is anticipated to result in a General Fund revenue gain to the personal income tax of \$23.9 million in FY 10, \$30.2 million in FY 11, \$36.4 million in FY 12, \$30.8 million FY 13, \$18.9 million in FY 14, and \$6.3 million in FY 15.

### **OLR Analysis**

The bill delays scheduled income tax reductions for single filers for three years. It delays scheduled increases in (1) their adjusted gross income (AGI) exempt from the tax and (2) income thresholds for reducing their personal exemptions and credits.

*Personal Exemption.* The maximum personal exemption for single filers for the 2008 tax year is \$13,000. Under current law, the maximum exemption is scheduled to increase to \$13,500 on January 1, 2009 and to rise in five more annual steps to \$15,000 on January 1, 2012. The bill instead maintains the \$13,000 personal exemption for three more years, through the 2011 tax year, delaying the increase to \$13,500 and each subsequent increase by three years. It also delays scheduled increases in the exemption reduction thresholds to correspond, as shown in Table 3. (The income tax personal exemption is reduced by \$1,000 for each \$1,000 of AGI over a specified threshold, which varies according to filing status.)

**TABLE 3: PERSONAL EXEMPTIONS FOR SINGLE FILERS**

| <b>Tax Year(s)</b> |                 | <b>Maximum Personal Exemption (AGI)</b> | <b>Personal Exemption Reduction Threshold (AGI)</b> |
|--------------------|-----------------|---|---|
| <b>Current</b>     | <b>The Bill</b> |   |   |
| 2008               | 2008-2011       | \$13,000                                | \$26,000  |
| 2009               | 2012            | 13,500                                  | 27,000  |
| 2010               | 2013            | 14,000                                  | 28,000  |
| 2011               | 2014            | 14,500                                  | 29,000  |
| 2012 and after     | 2015 and after  | 15,000                                  | 30,000  |

*Personal Credit.* The bill also delays by three years scheduled increases in income ranges that allow single filers to qualify for personal credits against their income tax. Personal credits range from 1% to 75% of tax liability depending on AGI. Filers with AGIs above specified levels, which vary depending on filing status, do not qualify for any credit. Table 4 shows qualifying personal credit income ranges for single filers under current law and the bill.

**TABLE 4: PERSONAL CREDITS FOR SINGLE FILERS**

| <b>Tax Year(s)</b> |                 | <b>Qualifies for 1% to 75% Personal Credit (AGI)</b> |                     |
|--------------------|-----------------|--|---------------------|
| <b>Current</b>     | <b>The Bill</b> | <b>Over</b>  | <b>But Not Over</b> |
| 2008               | 2008-2011       | \$13,000   | \$56,500            |
| 2009               | 2012            | 13,500   | 58,500              |
| 2010               | 2013            | 14,000   | 60,500              |
| 2011               | 2014            | 14,500   | 62,500              |
| 2012 and after     | 2015 and after  | 15,000   | 64,500              |

EFFECTIVE DATE: July 1, 2009 and applicable to income years starting on or after January 1, 2009.

## **CORPORATION TAX**

### **§§ 3 & 7 – Surcharge**

#### **OFA Fiscal Impact**

The bill is anticipated to result in a General Fund revenue gain to the corporation tax of \$160.0 million in FY 10, \$106.0 million in FY 11, and \$49.0 million in FY 12.

#### **OLR Analysis**

The bill imposes a 30% corporation tax surcharge for income years 2009, 2010, and 2011. Companies must calculate their surcharges based on their tax liability excluding any credits. The surcharge is due, payable, and collectible as part of each company's total tax for the year.

The surcharge applies to all companies that pay the tax, except those owing only the \$250 minimum tax. It applies both to companies that

pay the tax on their net income and those that pay on their capital base.

EFFECTIVE DATE: July 1, 2009 and applicable to income years starting on or after January 1, 2009.

**§§ 2, 4 & 6 – Exemptions for Domestic International Service Companies (DISCs)**

**OFA Fiscal Impact**

The bill is anticipated to result in a General Fund revenue gain to the corporation tax of \$50 million per year beginning in FY 10.

**OLR Analysis**

The bill eliminates corporation tax exemptions for (1) companies that qualify under the federal tax code as domestic international service companies (DISCs) and (2) dividends that other companies receive from DISCs. It also requires companies to include receipts from DISCs in their total receipts for interstate apportionment purposes.

Under the federal tax code, companies that meet certain conditions (see BACKGROUND) and receive most of their income from qualified exports, can elect to be treated as interest charge DISCs (IC-DISCs) for federal tax purposes. Unlike most corporations, IC-DISCs are not generally subject to federal tax on their income. Instead, their shareholders pay taxes on the income when it is actually distributed, but federal law allows the taxes on those distributions to be deferred if the shareholders pay annual interest on the deferred amounts. The IRS establishes the annual interest rate based on the 12-month Treasury bill interest rate (Internal Revenue Code, §§ 992; 995(f)).

EFFECTIVE DATE: July 1, 2009 and applicable to income years starting on or after January 1, 2009.

**§§ 1 & 5 – TAX CREDIT LIMITS – INSURANCE PREMIUM AND CORPORATION TAX**

**OFA Fiscal Impact**

The bill is anticipated to result in a General Fund revenue gain to the corporation tax and insurance premiums tax of \$10.0 million in FY 10 and \$40.0 million per year beginning in FY 11.

**OLR Analysis**

The bill reduces the maximum total value of tax credits that a company can take against its insurance premium or corporation tax liability for any income year from 70% of its liability without the credits to (1) 65% for the income year starting January 1, 2009 and (2) 50% for income years starting on or after January 1, 2010.

EFFECTIVE DATE: July 1, 2009 and applicable to income years beginning on or after January 1, 2009.

**§§ 4 & 17 – DECOUPLING FROM THE FEDERAL DOMESTIC PRODUCTION ACTIVITY DEDUCTION****OFA Fiscal Impact**

The bill is anticipated to result in a General Fund revenue gain to the corporation business tax of \$27.5 million per year beginning in FY 10.

**OLR Analysis**

The bill bars companies and individuals from using the federal tax deduction for domestic production activity when determining their taxable income for the state corporation and income taxes, thus increasing their state tax liability.

Federal tax law allows corporations, individuals, and pass-through companies to deduct a percentage of qualifying income they earn from eligible production activities taking place wholly or mostly within the United States. Eligible production activity includes manufacturing, construction, engineering, energy production, computer software, films and videotape, and agricultural products processing. The percentage deduction is 6% for 2008 and 2009 and 9% for 2010 and after (Internal Revenue Code § 199).

The bill requires (1) corporations to exclude the domestic production activity deduction when calculating net income for purposes of the state corporation tax and (2) individuals to add back any such deduction included in their federal AGI when calculating Connecticut AGI for state income tax purposes.

EFFECTIVE DATE: July 1, 2009. The corporation tax change applies to income years starting on or after January 1, 2009 and the income tax change applies to tax years starting on or after January 1, 2009.

## **§§ 8-10 – CIGARETTE TAX**

### **OFA Fiscal Impact**

The bill is anticipated to result in a General Fund revenue gain of \$36.0 million in FY 10 and \$63.0 million per year beginning in FY 11. The estimates include the impact to: 1) the cigarette excise tax, 2) the sales and use tax, and 3) a one-time revenue gain of \$4.4 million in FY 10 as a result of the floor tax.

### **OLR Analysis**

The bill increases the cigarette tax by 50 cents, from \$2 to \$2.50 per pack of 20 (from 10 cents to 12.5 cents per cigarette), starting January 1, 2010.

The bill also imposes a 50-cent “floor tax” on each pack of cigarettes that dealers and distributors have in their inventories at the later of the close of business or 11:59 p.m. on December 31, 2009. By March 15, 2010, each dealer and distributor must report to the Department of Revenue Services (DRS) the number of cigarettes in inventory as of that time and date and pay the inventory tax. If a dealer or distributor does not report by the due date, the DRS commissioner must file the report, estimating the number of cigarettes in the dealer’s or distributor’s inventory using any information the commissioner has or obtains.

Failure to file the report by the due date is grounds for DRS to revoke a dealer's or distributor's license, and willful failure to file

subjects the dealer or distributor to a fine of up to \$1,000, one year in prison, or both. A dealer or distributor who willfully files a false report can be fined up to \$5,000, sentenced to one to five years in prison, or both. Late filers are also subject to the same interest and penalties as apply to other late cigarette tax payments.

EFFECTIVE DATE: January 1, 2010. The increased rate applies to cigarette sales on or after that date.

## **§ 11 – ESTATE TAX SURCHARGE**

### **OFA Fiscal Impact**

The bill is anticipated to result in a General Fund revenue gain to the estate and gift tax of \$42.7 million in FY 10, \$51.2 million in FY 11, and \$53.3 million in FY 12.

### **OLR Analysis**

The bill imposes a 30% surcharge on the estate tax of those who die during 2009, 2010, and 2011. The estate tax applies to taxable gifts and estates over \$2 million. Under the bill, the surcharge must be added to the Connecticut estate tax due and is payable in the same manner as the underlying tax.

EFFECTIVE DATE: July 1, 2009 and applicable to estates of those who die on or after January 1, 2009.

## **SALES TAX**

### **§ 13 – Sales Tax Free Week**

#### **OFA Fiscal Impact**

The bill is anticipated to result in a General Fund revenue gain to the sales and use tax of \$4.2 million in FY 10 and \$4.4 million in FY 11.

#### **OLR Analysis**

The bill suspends the sales tax free week for the 2009 and 2010 calendar years. Under current law, clothing and footwear costing less than \$300 is not subject to the state's 6% sales tax when purchased between the third Sunday in August and the following Saturday.

EFFECTIVE DATE: July 1, 2009

## §§ 12, 14, 15 & 21-32 – Sales Tax Exemptions Eliminated

### OFA Fiscal Impact

The bill is anticipated to result in a General Fund revenue gain to the sales and use tax of approximately \$80 to \$120 million per year beginning in FY 11. The bill is also anticipated to result in a General Fund revenue loss to the real estate conveyance tax of approximately \$1 to \$3 million per year beginning in FY 11.

### OLR Analysis

Starting July 1, 2010, the bill repeals many sales tax exemptions and extends the 6% sales tax to certain services that are currently exempt. Table 5 lists the eliminated exemptions, by category. Exemptions requiring additional explanation are described separately below. The bill also makes technical and conforming changes.

**TABLE 5: SALES TAX EXEMPTIONS ELIMINATED**

| STATUTE            | CONSUMER ITEMS   |
|--------------------|--|
| 12-412 (52)        | Cloth or fabric for noncommercial home sewing of clothes   |
| 12-412 (53)        | Disposable pads for incontinency   |
| 12-412 (91)        | Safety apparel or protective clothing an employees wears or uses at work   |
| 12-412 (102)       | Bicycle helmets  |
| 12-412 (108)       | Child car seats  |
| 12-412 (109)       | College textbooks and related workbooks  |
| 12-412 (111)       | Specially formulated gum, inhalants, or similar products designed to help someone stop smoking   |
| STATUTE            | UTILITIES & ENERGY SYSTEMS   |
| 12-412 (90)        | Items or services used by a water company in maintaining, operating, managing, or controlling a well, water body, or distributing plant or system to supply water to at least 50 consumers |
| 12-412 (117)       | Solar electricity generating, water, and space heating systems and geothermal resource systems and related equipment and service   |
| STATUTE            | MOTOR VEHICLES   |
| 12-412 (82) & (83) | Commercial motor vehicles or motor buses when, for at least one year after purchase, a minimum of 75% of their revenue comes from out-of-state or interstate trips                         |
| 12-412 (110)       | High mileage vehicles with an EPA mileage rating of 40 mpg or more (This exemption is currently scheduled to expire on July 1, 2010.)  |
| 12-430 (6)         | Trade-in allowance for licensed motor vehicle dealers (see explanation below)  |
| 12-430a            | Trade-in allowance on certain construction equipment (see  |

|  |  |
|--|--|
|  | explanation below)   |
| <b>STATUTE</b>                                     | <b>PRINTING &amp; PHOTOGRAPHY</b>  |
| 12-412 (31)  | Printed material manufactured in Connecticut for use outside the state   |
| 12-412 (71)  | Commercial printing machinery, equipment, tools, materials, and supplies   |
| 12-412 (72)  | Machinery, equipment, tools, materials, and supplies for typesetting, color separation, finished copy, and similar products  |
| 12-412 (88)  | Machinery, equipment, tools, and materials used exclusively for processing photographic film and paper   |
| <b>STATUTE</b>                                     | <b>MOTION PICTURES &amp; BROADCASTING</b>  |
| 12-407(a)<br>(8)(B)(viii)<br>and (9) (B)<br>(viii) | Separately stated charges for compensation, fringe benefits, workers' compensation, and payroll taxes or assessments paid to a media payroll services company  |
| 12-407 (a) (27)                                    | Noncable communications service bought by a cable network (Noncable telecommunications services are telecommunications services other than video programming or information and subscriber interactions that are provided through cable, satellite, or similar means.) |
| 12-412 (44)<br>(A)                                 | Taped or filmed radio or t.v. programs and materials that become components for such programs, if the programs (a) will be broadcast to the public by a radio or t.v. station or (b) used for accredited medical or surgical training                                  |
| 12-412 (44) (B)                                    | Motion picture or video production or sound recording equipment to become part of master tapes, records, or videotapes used for commercial entertainment, advertising, or educational purposes   |
| 12-412 (44)<br>(C)                                 | Equipment, including antennas, that radio or t.v. stations use to broadcast programs to the general public   |
| 12-407(a)(2)<br>(J); 12-412 (50)                   | Lease or rental of movies for display by a theater owner or operator   |
| <b>STATUTE</b>                                     | <b>COMMERCIAL FISHING &amp; FARMING</b>  |
| 12-412 (40)  | Commercial fishing boats and machinery and equipment for use in them   |
| 12-412 (63)  | Items sold exclusively for agricultural production by a farmer engaged in the business of farming  |
| <b>STATUTE</b>                                     | <b>MANUFACTURING &amp; MISCELLANEOUS BUSINESS</b>  |
| 12-407(a)<br>(8)(B)(viii)<br>and (9) (B)<br>(viii) | Separately stated wages and benefits paid to or on behalf of (1) leased employees and (2) worksite employees by professional employer organizations under professional employer agreements   |
| 12-412 (21) &<br>(22)                              | Items or services used to operate waste treatment or air pollution control facilities  |
| 12-412 (43)  | Replacement parts for machinery sold to a business located in an enterprise zone   |
| 12-412 (64)  | Equipment for producing or cleaning computer discs and for maintaining climate-controls needed for those processes   |
| 12-412 (65)  | Metal casting foundry purchases of molds, dies, patterns, and sand handling equipment  |
| 12-412 (66)  | Pattern shop sales of molds, dies, and patterns to metal casting   |

|                           |   |
|---------------------------|---|
|                           | foundries or their customers for use in foundries, and pattern shop purchases in connection with such sales   |
| 12-412 (74)               | Computer and data processing services (1) sold to a customer by a company that acquired the operations of a data processing facility from that customer or (2) by any other company that subsequently acquires the facility, for services it continues to provide to the original customer          |
| 12-412 (89)               | Machinery, equipment, tools, materials, supplies, and fuel used directly in the biotechnology industry  |
| 12-412 (95)               | Items or services for operating a Department of Environmental Protection-certified waste-to-energy facility   |
| 12-412 (113)              | Materials, tools, fuel, machinery, and equipment used in a fuel cell manufacturing facility   |
| 12-412c                   | Sale and resale of mobile manufactured, modular, or prefabricated homes (see explanation below)   |
| 12-412i                   | Partial exemption for materials that become ingredients or components of tangible personal property to be sold  |
| <b>STATUTE</b>            | <b>HOSPITALS, NURSING HOMES, ETC.</b>   |
| 12-412 (5) (A)            | Goods or services sold by nonprofit charitable hospitals, nursing homes and residential care homes  |
| 12-412 (5) (B)            | Items sold by a tax-exempt organization on the premises of a hospital   |
| 12-412 (5) (C)            | Items sold to an acute-care, for-profit hospital operating as such on May 12, 2004. To be exempt, the items must be sold to the institution in connection with building and equipping any of its facilities that have a certificate of need application filed before, and pending on, May 12, 2004. |
| 12-407 (a) (37) (N)(i)    | Non-metered parking in seasonal lots with 30 or more spaces provided by a nonprofit charitable hospital, nursing home, rest home, residential care home, certain acute-care for-profit hospitals, or a nonprofit organization exempt from federal income taxes                                      |
| <b>STATUTE</b>            | <b>SERVICES</b>   |
| 12-407(a) (37) (BB)       | Services of a massage therapist or electrologist licensed by the Department of Public Health  |
| 12-407 (a) (37) (D) (i)   | Security, patrol, and protection services provided by off-duty police officers or firefighters  |
| 12-407 (a) (37) (J) (ii)  | Training services for businesses provided by colleges and universities accredited by the Board of Governors of Higher Education   |
| 12-407 (a) (37) (N) (ii)  | Non-metered motor vehicle parking spaces in an employer-operated lot owned or leased for a minimum of 10 years and operated for the exclusive use of its employees  |
| 12-407 (a) (37) (N) (iii) | Airport valet parking   |
| 12-407 (a) (37) (N) (iv)  | Space in state-owned or operated or municipally operated railroad parking facilities located in an area designated as a severe nonattainment area for ozone under the federal Clean Air Act. (This exemption is obsolete because Connecticut no longer has any such areas.)                         |
| 12-407 (a) (37)           | Consignment services (other than auctioneer services) for someone   |

|                  |  |
|------------------|--|
| (S)              | selling (a) works of art or (b) clothing and footwear other than that for specialized athletic or protective use or accessories, such as jewelry             |
| Currently exempt | Car washing  |
| Currently exempt | Tax preparation  |
| Currently exempt | Amusement and recreation (see explanation below)   |
| 12-412 (41)      | Services to determine the human health consequences of consuming or using any product, substance, or element   |
| 12-412 (58)      | Personnel, management, or research services when both the seller and recipient are participating in a joint venture for research and new product development |
| 12-412 (104) (A) | Calibration services for manufacturing production machinery, equipment, or instrumentation   |
| 12-412 (104) (B) | Compliance practices and services associated with quality management and quality assurance standards created by the International Organization of Standards  |

EFFECTIVE DATE: July 1, 2010 and applicable to sales occurring on or after that date.

### § 12 – Amusement and Recreation Services

The bill extends the sales tax to certain amusement and recreation services.

Under the bill, the sales tax applies to charges for activities included in major group 79 of the 1987 *Standard Industrial Classification Manual* or sector 71 in the 1997 *North American Industrial Classification Manual*. These classifications cover such activities, events, and venues as performing arts; professional and other spectator sports; museums and historical sites; zoos and botanical gardens; the amusement, gambling, and recreation industries, including amusement and theme parks and arcades; golf and country clubs; marinas; skiing facilities; fitness and recreational sports centers; dance studios; and bowling alleys.

The bill continues to exempt charges for:

1. dancing lessons;
2. amusement and recreations services provided by (a) the federal,

state, or local government or other state political subdivision; (b) a nonprofit charitable hospital, nursing home, rest home, or residential care home; or (c) a federally tax-exempt entity; or

3. such services offered in a facility owned or managed by the federal, state, or local government or other state political subdivision.

The latter two exemptions apply only if (1) the activity is an athletic or sporting activity organized exclusively for people under age 19 and (2) there are no additional charges, dues, or fees for participation that are subject to the state admissions or dues tax.

EFFECTIVE DATE: July 1, 2010 and applicable to sales occurring on or after that date.

#### **§ 15 – Trade-In Allowance for Licensed Motor Vehicle Dealers**

The bill eliminates the sales tax trade-in allowance for licensed motor vehicle dealers. Under current law, when a dealer replaces a vehicle that was registered to the dealer and that is no longer in the dealer's possession, the sales tax applies only to the difference between the cost of the new vehicle and the wholesale value of the one being replaced. The bill makes the tax apply to the full price of the new vehicle.

EFFECTIVE DATE: July 1, 2010 and applicable to sales occurring on or after that date.

#### **§ 32 – Trade-In Allowance on Certain Construction Equipment or Machinery**

The bill eliminates a trade-in allowance against the sales tax on new self-powered construction machinery or equipment. Under current law, the sales tax on sales of new machinery or equipment must be based on the difference between the amount allowed by the retailer as trade-in value on the old equipment and the price of new equipment.

EFFECTIVE DATE: July 1, 2010 and applicable to sales occurring on

or after that date.

### **§ 32 – Mobile Manufactured Home Exemptions**

The bill eliminates sales tax exemptions for (1) 30% of a manufacturer's sale price for a new mobile manufactured, modular, or prefabricated home and (2) resale of a modular home or mobile manufactured home located in mobile home parks or on a single-family lot. It also eliminates a requirement that subjects the resale of a mobile manufactured or modular home to the real estate conveyance tax.

EFFECTIVE DATE: July 1, 2010 and applicable to sales occurring on or after that date.

### **§ 32 – Sales Tax Credit for Computer Equipment Provided to Higher Education Institutions**

The bill eliminates a sales tax credit on computer equipment a qualifying company buys on or after July 1, 2000 to use in Connecticut for electronic commerce. A qualifying company is one that (1) is selected by the commissioner of higher education and (2) holds a direct pay sales tax permit.

The credit equals the resources the permit holder provides on or after July 1, 2000 to a Connecticut college or university for (1) designing, planning, building, or renovating buildings or classrooms; (2) acquiring computer equipment; or (3) acquiring property or licenses needed to operate computer programs used for student instruction in business studies related to electronic commerce or workforce development. In calculating the amount of the resources provided, a company can include cash and the value of property and services. The maximum credit is \$2 million.

EFFECTIVE DATE: July 1, 2010 and applicable to sales occurring on or after that date.

### **§§ 22 & 30 – Effects of Certain Conforming Changes**

**Property Tax Exemption for High Mileage Vehicles.** The bill

eliminates a municipal option to provide a property tax exemption for a high-mileage passenger vehicle covered by state sales tax exemption for such vehicles. The repeal takes effect on the same dates the sales tax exemption is scheduled to expire, i.e., on July 1, 2010.

**Deer Damage Permit Application.** By eliminating the farmer sales tax exemption permit, the bill also eliminates a provision allowing a person to whom such an exemption permit is issued and who leases land to sign an application for a Department of Environmental Protection permit to kill deer causing damage to crops on the land. Thus, under the bill, only the landowners may sign a deer damage permit application.

EFFECTIVE DATE: July 1, 2010

## **BACKGROUND**

### ***IC-DISCs***

To be an IC-DISC, a corporation must be organized under the laws of a state or the District of Columbia and:

1. derive at least 95% of its gross receipts during the tax year from qualified exports;
2. at the end of the tax year, have at least 95% of its assets as qualified export assets;
3. have only one class of stock with a par or stated value of at least \$2,500 on each day of the tax year;
4. maintain separate books and records;
5. not be a member of any controlled group of which a foreign sales corporation (FSC) is also a member (a FSC is an affiliate of a U.S. company that is incorporated in a qualifying foreign country and serves as an agent for the U.S. exporter);
6. have a tax year that conforms to the tax year of its largest shareholder in terms of voting power; and

7. elects to be treated as an IC-DISC for the tax year.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 38 Nay 18 (04/02/2009)