



General Assembly

January Session, 2009

**Proposed Bill No. 289**

LCO No. 751

Referred to Committee on Finance, Revenue and Bonding

Introduced by:

SEN. MCDONALD, 27<sup>th</sup> Dist.

REP. LEONE, 148<sup>th</sup> Dist.

(By Request)

**AN ACT CONCERNING THE DEDUCTIBILITY OF PREMIUMS PAID ON  
OUT-OF-STATE BONDS.**

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

- 1 That subparagraph (B)(ix) of subdivision (20) of subsection (a) of
- 2 section 12-701 of the general statutes be amended to provide that the
- 3 income tax deduction for premiums paid on out-of-state municipal
- 4 bonds be available to all taxpayers, not just those who trade bonds as a
- 5 trade or business.

**Statement of Purpose:**

To modify the current laws dealing with out-of-state municipal bonds. The deduction allows someone, when calculating Connecticut adjusted gross income, to subtract amortizable bond premiums for the taxable year on bonds whose interest is subject to taxation in this state, but exempt from federal tax, to the extent the premiums are not deductible in determining federal adjusted gross income.