



General Assembly

Bill No. 2001

June 19 Special Session,
2009

LCO No. 9464

*09464 _____ *

Referred to Committee on No Committee

Introduced by:

SEN. WILLIAMS, 29th Dist.

REP. DONOVAN, 84th Dist.

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

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

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

T1	GOVERNOR'S OFFICE		
T2		\$	
T3	Personal Services		192,000
T4	Other Expenses		100,000
T5			
T6	SECRETARY OF THE STATE		

T7	Other Expenses	300,000
T8		
T9	STATE TREASURER	
T10	Personal Services	650,000
T11	Debt Service	10,134,533
T12		
T13	DEPARTMENT OF REVENUE SERVICES	
T14	Personal Services	200,000
T15	Other Expenses	100,000
T16		
T17	DIVISION OF SPECIAL REVENUE	
T18	Personal Services	850,000
T19	Other Expenses	190,000
T20		
T21	INSURANCE AND RISK MANAGEMENT BOARD	
T22	Other Expenses	2,500,000
T23		
T24	OFFICE OF POLICY AND MANAGEMENT	
T25	Other Expenses	719,000
T26	Justice Assistance Grants	300,000
T27	Energy Audit Subsidy	1,000,000
T28	Tax Relief for Elderly Renters	155,000
T29	Private Providers	1,325,000
T30	Regional Performance Incentive Program	100,000
T31	Heating Assistance Age 65	200,000
T32	Distressed Municipalities	980,000
T33	Property Tax Relief Elderly Freeze Program	290,000
T34	PILOT - New Manufacturing Machinery and	45,730,000
T35	Equipment	
T36		
T37	DEPARTMENT OF VETERANS' AFFAIRS	
T38	Personal Services	200,000
T39		
T40	DEPARTMENT OF ADMINISTRATIVE SERVICES	
T41	Personal Services	100,000
T42		
T43	DEPARTMENT OF PUBLIC WORKS	
T44	Personal Services	160,000
T45		
T46	ATTORNEY GENERAL	
T47	Personal Services	300,000

T48		
T49	DIVISION OF CRIMINAL JUSTICE	
T50	Personal Services	100,000
T51		
T52	DEPARTMENT OF PUBLIC SAFETY	
T53	Gun Law Enforcement Task Force	250,000
T54		
T55	MILITARY DEPARTMENT	
T56	Veterans' Service Bonuses	100,000
T57		
T58	LABOR DEPARTMENT	
T59	Workforce Investment Act	660,000
T60	Unemployment Benefits for Military Spouses	175,000
T61		
T62	COMMISSION ON HUMAN RIGHTS AND	
T63	OPPORTUNITIES	
T64	Personal Services	300,000
T65		
T66	COMMISSION ON CULTURE AND TOURISM	
T67	Personal Services	100,000
T68		
T69	DEPARTMENT OF ECONOMIC AND	
T70	COMMUNITY DEVELOPMENT	
T71	Personal Services	100,000
T72	Congregate Facilities Operation Costs	150,000
T73	Housing Assistance and Counseling Program	100,000
T74		
T75	DEPARTMENT OF PUBLIC HEALTH	
T76	Nursing Student Loan Forgiveness Program	118,750
T77		
T78	PUBLIC DEFENDER SERVICES COMMISSION	
T79	Special Public Defenders - Non-Contractual	425,000
T80		
T81	STATE COMPTROLLER - FRINGE BENEFITS	
T82	Higher Education Alternative Retirement System	3,000,000
T83	Retired State Employees Health Service Cost	9,036,288
T84		
T85	TOTAL - GENERAL FUND	81,390,571

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

10 for the fiscal year ending June 30, 2009:

T86	GENERAL FUND	
T87		\$
T88	DEPARTMENT OF SOCIAL SERVICES	
T89	Medicaid	70,000,000
T90		
T91	DEPARTMENT OF EDUCATION	
T92	Magnet Schools	2,600,000
T93		
T94	UNIVERSITY OF CONNECTICUT HEALTH	
T95	CENTER	
T96	Operating Expenses	22,200,000
T97		
T98	DEPARTMENT OF CORRECTION	
T99	Personal Services	14,300,000
T100		
T101	WORKERS' COMPENSATION CLAIMS -	
T102	DEPARTMENT OF ADMINISTRATIVE SERVICES	
T103	Workers' Compensation Claims	1,500,000
T104		
T105	TEACHERS' RETIREMENT BOARD	
T106	Retirees Health service Cost	188,661
T107		
T108	TOTAL - GENERAL FUND	110,788,661

11 (b) Funds appropriated in subsection (a) of this section shall not
12 lapse on June 30, 2009, and shall continue to be available for
13 expenditure for such purposes during the fiscal year ending June 30,
14 2010.

15 Sec. 3. (*Effective July 1, 2009*) The unexpended balance of funds
16 appropriated in section 5 of public act 08-1 of the August special
17 session to the Office of Policy and Management, for the purpose of
18 expanding Operation Fuel, Incorporated, shall not lapse on June 30,
19 2009, and such funds shall continue to be available for the purposes
20 described in said section during the fiscal year ending June 30, 2010.

21 Sec. 4. Subsection (b) of section 12-217 of the general statutes is

22 repealed and the following is substituted in lieu thereof (*Effective from*
23 *passage, and applicable to taxable years ending after December 31, 2008*):

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

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

41 (B) To the extent that any income from the discharge of
42 indebtedness in connection with any reacquisition, after December 31,
43 2008, and before January 1, 2011, of an applicable debt instrument or
44 instruments, as those terms are defined in Section 108 of the Internal
45 Revenue Code, as amended by Section 1231 of the American Recovery
46 and Reinvestment Act of 2009, is properly includable in gross income
47 for federal income tax purposes for the taxable year, any such income
48 shall be deductible in computing net income under this section for a
49 taxable year ending after December 31, 2008, to the extent that the
50 deferral of recognition of such income from such discharge was not
51 allowed pursuant to subparagraph (A) of this subdivision in
52 computing net income for a preceding taxable year.

53 Sec. 5. Subdivision (20) of subsection (a) of section 12-701 of the

54 general statutes is repealed and the following is substituted in lieu
55 thereof (*Effective from passage, and applicable to taxable years ending after*
56 *December 31, 2008*):

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

59 (A) There shall be added thereto (i) to the extent not properly
60 includable in gross income for federal income tax purposes, any
61 interest income from obligations issued by or on behalf of any state,
62 political subdivision thereof, or public instrumentality, state or local
63 authority, district or similar public entity, exclusive of such income
64 from obligations issued by or on behalf of the state of Connecticut, any
65 political subdivision thereof, or public instrumentality, state or local
66 authority, district or similar public entity created under the laws of the
67 state of Connecticut and exclusive of any such income with respect to
68 which taxation by any state is prohibited by federal law, (ii) any
69 exempt-interest dividends, as defined in Section 852(b)(5) of the
70 Internal Revenue Code, exclusive of such exempt-interest dividends
71 derived from obligations issued by or on behalf of the state of
72 Connecticut, any political subdivision thereof, or public
73 instrumentality, state or local authority, district or similar public entity
74 created under the laws of the state of Connecticut and exclusive of
75 such exempt-interest dividends derived from obligations, the income
76 with respect to which taxation by any state is prohibited by federal
77 law, (iii) any interest or dividend income on obligations or securities of
78 any authority, commission or instrumentality of the United States
79 which federal law exempts from federal income tax but does not
80 exempt from state income taxes, (iv) to the extent included in gross
81 income for federal income tax purposes for the taxable year, the total
82 taxable amount of a lump sum distribution for the taxable year
83 deductible from such gross income in calculating federal adjusted
84 gross income, (v) to the extent properly includable in determining the
85 net gain or loss from the sale or other disposition of capital assets for
86 federal income tax purposes, any loss from the sale or exchange of

87 obligations issued by or on behalf of the state of Connecticut, any
88 political subdivision thereof, or public instrumentality, state or local
89 authority, district or similar public entity created under the laws of the
90 state of Connecticut, in the income year such loss was recognized, (vi)
91 to the extent deductible in determining federal adjusted gross income,
92 any income taxes imposed by this state, (vii) to the extent deductible in
93 determining federal adjusted gross income, any interest on
94 indebtedness incurred or continued to purchase or carry obligations or
95 securities the interest on which is exempt from tax under this chapter,
96 (viii) expenses paid or incurred during the taxable year for the
97 production or collection of income which is exempt from taxation
98 under this chapter or the management, conservation or maintenance of
99 property held for the production of such income, and the amortizable
100 bond premium for the taxable year on any bond the interest on which
101 is exempt from tax under this chapter to the extent that such expenses
102 and premiums are deductible in determining federal adjusted gross
103 income, [and] (ix) for property placed in service after September 10,
104 2001, but prior to September 11, 2004, in taxable years ending after
105 September 10, 2001, any additional allowance for depreciation under
106 subsection (k) of Section 168 of the Internal Revenue Code, as provided
107 by Section 101 of the Job Creation and Worker Assistance Act of 2002,
108 to the extent deductible in determining federal adjusted gross income;
109 and (x) to the extent not properly includable in gross income for
110 federal income tax purposes for the taxable year, any income from the
111 discharge of indebtedness, in taxable years ending after December 31,
112 2008, in connection with any reacquisition, after December 31, 2008,
113 and before January 1, 2011, of an applicable debt instrument or
114 instruments, as those terms are defined in Section 108 of the Internal
115 Revenue Code, as amended by Section 1231 of the American Recovery
116 and Reinvestment Act of 2009, the inclusion of which income in federal
117 gross income for the taxable year is deferred, as provided by said
118 Section 1231.

119 (B) There shall be subtracted therefrom (i) to the extent properly
120 includable in gross income for federal income tax purposes, any

121 income with respect to which taxation by any state is prohibited by
122 federal law, (ii) to the extent allowable under section 12-718, exempt
123 dividends paid by a regulated investment company, (iii) the amount of
124 any refund or credit for overpayment of income taxes imposed by this
125 state, or any other state of the United States or a political subdivision
126 thereof, or the District of Columbia, to the extent properly includable
127 in gross income for federal income tax purposes, (iv) to the extent
128 properly includable in gross income for federal income tax purposes
129 and not otherwise subtracted from federal adjusted gross income
130 pursuant to clause (x) of this subparagraph in computing Connecticut
131 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
132 extent any additional allowance for depreciation under Section 168(k)
133 of the Internal Revenue Code, as provided by Section 101 of the Job
134 Creation and Worker Assistance Act of 2002, for property placed in
135 service after December 31, 2001, but prior to September 10, 2004, was
136 added to federal adjusted gross income pursuant to subparagraph
137 (A)(ix) of this subdivision in computing Connecticut adjusted gross
138 income for a taxable year ending after December 31, 2001, twenty-five
139 per cent of such additional allowance for depreciation in each of the
140 four succeeding taxable years, (vi) to the extent properly includable in
141 gross income for federal income tax purposes, any interest income
142 from obligations issued by or on behalf of the state of Connecticut, any
143 political subdivision thereof, or public instrumentality, state or local
144 authority, district or similar public entity created under the laws of the
145 state of Connecticut, (vii) to the extent properly includable in
146 determining the net gain or loss from the sale or other disposition of
147 capital assets for federal income tax purposes, any gain from the sale
148 or exchange of obligations issued by or on behalf of the state of
149 Connecticut, any political subdivision thereof, or public
150 instrumentality, state or local authority, district or similar public entity
151 created under the laws of the state of Connecticut, in the income year
152 such gain was recognized, (viii) any interest on indebtedness incurred
153 or continued to purchase or carry obligations or securities the interest
154 on which is subject to tax under this chapter but exempt from federal

155 income tax, to the extent that such interest on indebtedness is not
156 deductible in determining federal adjusted gross income and is
157 attributable to a trade or business carried on by such individual, (ix)
158 ordinary and necessary expenses paid or incurred during the taxable
159 year for the production or collection of income which is subject to
160 taxation under this chapter but exempt from federal income tax, or the
161 management, conservation or maintenance of property held for the
162 production of such income, and the amortizable bond premium for the
163 taxable year on any bond the interest on which is subject to tax under
164 this chapter but exempt from federal income tax, to the extent that
165 such expenses and premiums are not deductible in determining federal
166 adjusted gross income and are attributable to a trade or business
167 carried on by such individual, (x) (I) for a person who files a return
168 under the federal income tax as an unmarried individual whose
169 federal adjusted gross income for such taxable year is less than fifty
170 thousand dollars, or as a married individual filing separately whose
171 federal adjusted gross income for such taxable year is less than fifty
172 thousand dollars, or for a husband and wife who file a return under
173 the federal income tax as married individuals filing jointly whose
174 federal adjusted gross income for such taxable year is less than sixty
175 thousand dollars or a person who files a return under the federal
176 income tax as a head of household whose federal adjusted gross
177 income for such taxable year is less than sixty thousand dollars, an
178 amount equal to the Social Security benefits includable for federal
179 income tax purposes; and (II) for a person who files a return under the
180 federal income tax as an unmarried individual whose federal adjusted
181 gross income for such taxable year is fifty thousand dollars or more, or
182 as a married individual filing separately whose federal adjusted gross
183 income for such taxable year is fifty thousand dollars or more, or for a
184 husband and wife who file a return under the federal income tax as
185 married individuals filing jointly whose federal adjusted gross income
186 from such taxable year is sixty thousand dollars or more or for a
187 person who files a return under the federal income tax as a head of
188 household whose federal adjusted gross income for such taxable year

189 is sixty thousand dollars or more, an amount equal to the difference
190 between the amount of Social Security benefits includable for federal
191 income tax purposes and the lesser of twenty-five per cent of the Social
192 Security benefits received during the taxable year, or twenty-five per
193 cent of the excess described in Section 86(b)(1) of the Internal Revenue
194 Code, (xi) to the extent properly includable in gross income for federal
195 income tax purposes, any amount rebated to a taxpayer pursuant to
196 section 12-746, (xii) to the extent properly includable in the gross
197 income for federal income tax purposes of a designated beneficiary,
198 any distribution to such beneficiary from any qualified state tuition
199 program, as defined in Section 529(b) of the Internal Revenue Code,
200 established and maintained by this state or any official, agency or
201 instrumentality of the state, (xiii) to the extent allowable under section
202 12-701a, contributions to accounts established pursuant to any
203 qualified state tuition program, as defined in Section 529(b) of the
204 Internal Revenue Code, established and maintained by this state or
205 any official, agency or instrumentality of the state, (xiv) to the extent
206 properly includable in gross income for federal income tax purposes,
207 the amount of any Holocaust victims' settlement payment received in
208 the taxable year by a Holocaust victim, (xv) to the extent properly
209 includable in gross income for federal income tax purposes of an
210 account holder, as defined in section 31-51ww, interest earned on
211 funds deposited in the individual development account, as defined in
212 section 31-51ww, of such account holder, (xvi) to the extent properly
213 includable in the gross income for federal income tax purposes of a
214 designated beneficiary, as defined in section 3-123aa, interest,
215 dividends or capital gains earned on contributions to accounts
216 established for the designated beneficiary pursuant to the Connecticut
217 Homecare Option Program for the Elderly established by sections 3-
218 123aa to 3-123ff, inclusive, [and] (xvii) to the extent properly included
219 in gross income for federal income tax purposes, fifty per cent of the
220 income received from the United States government as retirement pay
221 for a retired member of (I) the Armed Forces of the United States, as
222 defined in Section 101 of Title 10 of the United States Code, or (II) the

223 National Guard, as defined in Section 101 of Title 10 of the United
 224 States Code, and (xviii) to the extent properly includable in gross
 225 income for federal income tax purposes for the taxable year, any
 226 income from the discharge of indebtedness in connection with any
 227 reacquisition, after December 31, 2008, and before January 1, 2011, of
 228 an applicable debt instrument or instruments, as those terms are
 229 defined in Section 108 of the Internal Revenue Code, as amended by
 230 Section 1231 of the American Recovery and Reinvestment Act of 2009,
 231 to the extent any such income was added to federal adjusted gross
 232 income pursuant to subparagraph (A)(x) of this subdivision in
 233 computing Connecticut adjusted gross income for a preceding taxable
 234 year.

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

239 Sec. 6. (*Effective from passage*) The sum of \$30,303,942 shall be
 240 appropriated to the Labor Department, from the General Fund, for
 241 Workforce Investment Act - ARRA, for the fiscal year ending June 30,
 242 2009, to implement employment and training initiatives.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>July 1, 2009</i>	New section
Sec. 4	<i>from passage, and applicable to taxable years ending after December 31, 2008</i>	12-217(b)
Sec. 5	<i>from passage, and applicable to taxable years ending after December 31, 2008</i>	12-701(a)(20)
Sec. 6	<i>from passage</i>	New section

