



General Assembly

Amendment

January Session, 2009

LCO No. 9399

SB0000109399SD0

Offered by:

SEN. WILLIAMS, 29th Dist.

REP. DONOVAN, 84th Dist.

To: Senate Bill No. 1

File No. 835

Cal. No. 544

"AN ACT CONCERNING ECONOMIC SECURITY FOR CONNECTICUT FAMILIES."

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

3 "Section 1. Subsection (b) of section 12-217 of the general statutes is
4 repealed and the following is substituted in lieu thereof (*Effective from*
5 *passage, and applicable to taxable years ending after December 31, 2008*):

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

12 (2) (A) For purposes of determining net income under this section
13 for taxable years ending after December 31, 2008, and to the extent any

14 income from the discharge of indebtedness, under Section 108 of the
15 Internal Revenue Code, as amended by Section 1231 of the American
16 Recovery and Reinvestment Act of 2009, in connection with any
17 reacquisition, after December 31, 2008, and before January 1, 2011, of
18 an applicable debt instrument or instruments, as those terms are
19 defined in said Section 108, as amended by said Section 1231, is not
20 properly includible in gross income for federal income tax purposes
21 for the taxable year, any deferral of the recognition of any such income
22 shall not be allowed.

23 (B) To the extent that any income from the discharge of
24 indebtedness in connection with any reacquisition, after December 31,
25 2008, and before January 1, 2011, of an applicable debt instrument or
26 instruments, as those terms are defined in Section 108 of the Internal
27 Revenue Code, as amended by Section 1231 of the American Recovery
28 and Reinvestment Act of 2009, is properly includable in gross income
29 for federal income tax purposes for the taxable year, any such income
30 shall be deductible in computing net income under this section for a
31 taxable year ending after December 31, 2008, to the extent that the
32 deferral of recognition of such income from such discharge was not
33 allowed pursuant to subparagraph (A) of this subdivision in
34 computing net income for a preceding taxable year.

35 Sec. 2. Subdivision (20) of subsection (a) of section 12-701 of the
36 general statutes is repealed and the following is substituted in lieu
37 thereof (*Effective from passage, and applicable to taxable years ending after*
38 *December 31, 2008*):

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

41 (A) There shall be added thereto (i) to the extent not properly
42 includable in gross income for federal income tax purposes, any
43 interest income from obligations issued by or on behalf of any state,
44 political subdivision thereof, or public instrumentality, state or local
45 authority, district or similar public entity, exclusive of such income

46 from obligations issued by or on behalf of the state of Connecticut, any
47 political subdivision thereof, or public instrumentality, state or local
48 authority, district or similar public entity created under the laws of the
49 state of Connecticut and exclusive of any such income with respect to
50 which taxation by any state is prohibited by federal law, (ii) any
51 exempt-interest dividends, as defined in Section 852(b)(5) of the
52 Internal Revenue Code, exclusive of such exempt-interest dividends
53 derived from obligations issued by or on behalf of the state of
54 Connecticut, any political subdivision thereof, or public
55 instrumentality, state or local authority, district or similar public entity
56 created under the laws of the state of Connecticut and exclusive of
57 such exempt-interest dividends derived from obligations, the income
58 with respect to which taxation by any state is prohibited by federal
59 law, (iii) any interest or dividend income on obligations or securities of
60 any authority, commission or instrumentality of the United States
61 which federal law exempts from federal income tax but does not
62 exempt from state income taxes, (iv) to the extent included in gross
63 income for federal income tax purposes for the taxable year, the total
64 taxable amount of a lump sum distribution for the taxable year
65 deductible from such gross income in calculating federal adjusted
66 gross income, (v) to the extent properly includable in determining the
67 net gain or loss from the sale or other disposition of capital assets for
68 federal income tax purposes, any loss from the sale or exchange of
69 obligations issued by or on behalf of the state of Connecticut, any
70 political subdivision thereof, or public instrumentality, state or local
71 authority, district or similar public entity created under the laws of the
72 state of Connecticut, in the income year such loss was recognized, (vi)
73 to the extent deductible in determining federal adjusted gross income,
74 any income taxes imposed by this state, (vii) to the extent deductible in
75 determining federal adjusted gross income, any interest on
76 indebtedness incurred or continued to purchase or carry obligations or
77 securities the interest on which is exempt from tax under this chapter,
78 (viii) expenses paid or incurred during the taxable year for the
79 production or collection of income which is exempt from taxation
80 under this chapter or the management, conservation or maintenance of

81 property held for the production of such income, and the amortizable
82 bond premium for the taxable year on any bond the interest on which
83 is exempt from tax under this chapter to the extent that such expenses
84 and premiums are deductible in determining federal adjusted gross
85 income, [and] (ix) for property placed in service after September 10,
86 2001, but prior to September 11, 2004, in taxable years ending after
87 September 10, 2001, any additional allowance for depreciation under
88 subsection (k) of Section 168 of the Internal Revenue Code, as provided
89 by Section 101 of the Job Creation and Worker Assistance Act of 2002,
90 to the extent deductible in determining federal adjusted gross income;
91 and (x) to the extent not properly includable in gross income for
92 federal income tax purposes for the taxable year, any income from the
93 discharge of indebtedness, in taxable years ending after December 31,
94 2008, in connection with any reacquisition, after December 31, 2008,
95 and before January 1, 2011, of an applicable debt instrument or
96 instruments, as those terms are defined in Section 108 of the Internal
97 Revenue Code, as amended by Section 1231 of the American Recovery
98 and Reinvestment Act of 2009, the inclusion of which income in federal
99 gross income for the taxable year is deferred, as provided by said
100 Section 1231.

101 (B) There shall be subtracted therefrom (i) to the extent properly
102 includable in gross income for federal income tax purposes, any
103 income with respect to which taxation by any state is prohibited by
104 federal law, (ii) to the extent allowable under section 12-718, exempt
105 dividends paid by a regulated investment company, (iii) the amount of
106 any refund or credit for overpayment of income taxes imposed by this
107 state, or any other state of the United States or a political subdivision
108 thereof, or the District of Columbia, to the extent properly includable
109 in gross income for federal income tax purposes, (iv) to the extent
110 properly includable in gross income for federal income tax purposes
111 and not otherwise subtracted from federal adjusted gross income
112 pursuant to clause (x) of this subparagraph in computing Connecticut
113 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
114 extent any additional allowance for depreciation under Section 168(k)

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

150 under the federal income tax as an unmarried individual whose
151 federal adjusted gross income for such taxable year is less than fifty
152 thousand dollars, or as a married individual filing separately whose
153 federal adjusted gross income for such taxable year is less than fifty
154 thousand dollars, or for a husband and wife who file a return under
155 the federal income tax as married individuals filing jointly whose
156 federal adjusted gross income for such taxable year is less than sixty
157 thousand dollars or a person who files a return under the federal
158 income tax as a head of household whose federal adjusted gross
159 income for such taxable year is less than sixty thousand dollars, an
160 amount equal to the Social Security benefits includable for federal
161 income tax purposes; and (II) for a person who files a return under the
162 federal income tax as an unmarried individual whose federal adjusted
163 gross income for such taxable year is fifty thousand dollars or more, or
164 as a married individual filing separately whose federal adjusted gross
165 income for such taxable year is fifty thousand dollars or more, or for a
166 husband and wife who file a return under the federal income tax as
167 married individuals filing jointly whose federal adjusted gross income
168 from such taxable year is sixty thousand dollars or more or for a
169 person who files a return under the federal income tax as a head of
170 household whose federal adjusted gross income for such taxable year
171 is sixty thousand dollars or more, an amount equal to the difference
172 between the amount of Social Security benefits includable for federal
173 income tax purposes and the lesser of twenty-five per cent of the Social
174 Security benefits received during the taxable year, or twenty-five per
175 cent of the excess described in Section 86(b)(1) of the Internal Revenue
176 Code, (xi) to the extent properly includable in gross income for federal
177 income tax purposes, any amount rebated to a taxpayer pursuant to
178 section 12-746, (xii) to the extent properly includable in the gross
179 income for federal income tax purposes of a designated beneficiary,
180 any distribution to such beneficiary from any qualified state tuition
181 program, as defined in Section 529(b) of the Internal Revenue Code,
182 established and maintained by this state or any official, agency or
183 instrumentality of the state, (xiii) to the extent allowable under section
184 12-701a, contributions to accounts established pursuant to any

185 qualified state tuition program, as defined in Section 529(b) of the
186 Internal Revenue Code, established and maintained by this state or
187 any official, agency or instrumentality of the state, (xiv) to the extent
188 properly includable in gross income for federal income tax purposes,
189 the amount of any Holocaust victims' settlement payment received in
190 the taxable year by a Holocaust victim, (xv) to the extent properly
191 includable in gross income for federal income tax purposes of an
192 account holder, as defined in section 31-51ww, interest earned on
193 funds deposited in the individual development account, as defined in
194 section 31-51ww, of such account holder, (xvi) to the extent properly
195 includable in the gross income for federal income tax purposes of a
196 designated beneficiary, as defined in section 3-123aa, interest,
197 dividends or capital gains earned on contributions to accounts
198 established for the designated beneficiary pursuant to the Connecticut
199 Homecare Option Program for the Elderly established by sections 3-
200 123aa to 3-123ff, inclusive, [and] (xvii) to the extent properly included
201 in gross income for federal income tax purposes, fifty per cent of the
202 income received from the United States government as retirement pay
203 for a retired member of (I) the Armed Forces of the United States, as
204 defined in Section 101 of Title 10 of the United States Code, or (II) the
205 National Guard, as defined in Section 101 of Title 10 of the United
206 States Code, and (xviii) to the extent properly includable in gross
207 income for federal income tax purposes for the taxable year, any
208 income from the discharge of indebtedness in connection with any
209 reacquisition, after December 31, 2008, and before January 1, 2011, of
210 an applicable debt instrument or instruments, as those terms are
211 defined in Section 108 of the Internal Revenue Code, as amended by
212 Section 1231 of the American Recovery and Reinvestment Act of 2009,
213 to the extent any such income was added to federal adjusted gross
214 income pursuant to subparagraph (A)(x) of this subdivision in
215 computing Connecticut adjusted gross income for a preceding taxable
216 year.

217 (C) With respect to a person who is the beneficiary of a trust or
218 estate, there shall be added or subtracted, as the case may be, from

219 adjusted gross income such person's share, as determined under
220 section 12-714, in the Connecticut fiduciary adjustment.

221 Sec. 3. (*Effective from passage*) The sum of \$11,034,723 shall be
222 appropriated to the Labor Department, from the General Fund, for the
223 fiscal year ending June 30, 2009, to implement the Workforce
224 Investment Act - ARRA, Summer Youth Employment, for employment
225 and training initiatives."

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