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Testimony of John R. Ivimey
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In SUPPORT of Senate Bill 1056

An Act Concerning the Connecticut Estate Tax
and Codifying the Extension of Time for Making
A Qualified Disclaimer for Federal Estate Tax Purposes

Judiciary Committee
February 28, 2011

Senator Coleman, Representative Fox, members of the Judiciary Committee, thank you for the opportunity to present this testimony before the committee to comment on Senate Bill 1056, An Act Concerning the Connecticut Estate Tax and Codifying the Extension of Time For Making a Qualified Disclaimer for Federal Estate Tax Purposes. My name is John R. Ivimey. I am a stockholder of Reid and Riege, P.C., and currently I am Vice Chair of the Connecticut Bar Association's Estates and Probate Section. The Estates and Probate Section supports this Bill.

The Estates and Probate Section supports the following four proposed changes to Section 12-391 of Connecticut's estate tax law:

1. The proposed bill modifies subsection c (1) of the statute to provide that any property included as part of the taxable estate at death will not also be included in the estate as a lifetime gift. We support this clarification. The same property should not be taxed twice in those limited circumstances, such as a life estate, where a lifetime gift is also included in the estate at death. This would follow how such gifts are treated under the federal estate tax rules.
2. The proposed bill modifies subsection (c) (3) to make clear that where federal estate tax is due, a final determination of the value of the gross estate for estate tax purposes will settle the matter for Connecticut tax purposes. There is no need for estates to go through both a federal estate tax audit and a Connecticut estate tax audit.
3. The proposed bill removes extraneous language from subsection d (2) of the statute to clarify the taxation of certain property located out of state. It removes a provision which contradicts the current interpretation of the law as clarified in a legal opinion from the Attorney General's Office. We support this removal which does not change the current interpretation of the law.
4. The proposed bill revises subsection (f) of the statute to expand the ability of a married couple to take advantage of both the federal and state exemption amounts without paying estate tax

at the death of the first of them to die. This can be beneficial if the Connecticut exemption is different than the federal exemption. Under current law, a couple can only take full advantage of different exemptions if they drafted their documents in certain limited ways. The new bill adds flexibility for couples, while maintaining the current law regarding the Connecticut taxation of the property at the death of the surviving spouse. This measure does not allow couples to avoid tax. It expands the ways in which they can defer tax. In addition, this section, clarifies that at the death of the surviving spouse, the state will tax all property to which an independent Connecticut QTIP election is made, but only property to which such an election is made. Many practitioners read the current statute as already allowing such an independent state election but representatives of the Department of Revenue Service apparently do not share that view

Another member from the Estates and Probate Section will be testifying on SB1056 in support of the modification of Sections 45a-579 and 45a-583 extending the filing deadline of certain 2010 disclaimers.