



General Assembly

Amendment

February Session, 2012

LCO No. 4976

SB0007504976SD0

Offered by:

SEN. LEBEAU, 3rd Dist.
REP. BERGER, 73rd Dist.
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To: Senate Bill No. 75

File No. 24

Cal. No. 61

"AN ACT CONCERNING A "CONNECTICUT-MADE" MARKETING CAMPAIGN."

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

3 "Section 1. (NEW) (*Effective from passage*) On or before July 1, 2012,
4 the Department of Economic and Community Development shall
5 establish a program to recognize cultural, historical and ethnic events
6 at the request of any person, organization or entity. Such recognition
7 may be for periods ranging from one day to a maximum of two weeks
8 annually. The department shall establish guidelines for the program
9 established pursuant to this section that shall include, but not be
10 limited to, procedures for submitting such requests to the department,
11 a requirement that such requests be submitted not less than one
12 hundred twenty days before the event and a mechanism for inclusion
13 in the department's tourism calendar.

14 Sec. 2. Subsection (a) of section 32-701 of the general statutes is
15 repealed and the following is substituted in lieu thereof (*Effective from*
16 *passage*):

17 (a) The terms and conditions of any agreement for state assistance
18 under any program of the general statutes to a business entity
19 operated for profit administered by the Department of Economic and
20 Community Development, Connecticut Development Authority and
21 Connecticut Innovations, Incorporated, shall include provisions for (1)
22 specific goals for the creation and retention of full-time and part-time
23 jobs and for periodic reports by the recipient on progress in achieving
24 such goals if the primary purpose of the state assistance is job creation
25 or retention, and (2) a requirement that an applicant for any type of
26 state assistance, except (A) grants, and (B) loans of a term of less than
27 one year, provide the agency with appropriate security for such
28 financial assistance, including, but not limited to, a letter of credit, a
29 lien on real property or a security interest in goods, equipment,
30 inventory or other property of any kind and that the recipient of such
31 state assistance will remain in substantial material compliance with
32 state and federal law.

33 Sec. 3. Subdivision (58) of section 12-412 of the 2012 supplement to
34 the general statutes is repealed and the following is substituted in lieu
35 thereof (*Effective from passage*):

36 (58) (A) Sales of any services rendered for purposes of ~~[(A)]~~ (i)
37 personnel services, ~~[(B)]~~ (ii) commercial or industrial marketing,
38 development, testing or research services, or ~~[(C)]~~ (iii) business
39 analysis and management services, whenever, pursuant to a joint
40 venture agreement, the recipient of any such services is either a
41 corporation, a partnership, or a limited liability company, and such
42 services are rendered by one or more corporate shareholders, or a
43 corporate partner or corporate member in such joint venture, and in
44 accordance with which the company rendering such service must have
45 an ownership interest equivalent to not less than twenty-five per cent
46 of total ownership in such joint venture, provided ~~[(i)]~~ (I) the purpose

47 of such joint venture is directly related to production or development
48 of new or experimental products or systems and the marketing and
49 support thereof, [(ii)] (II) at least one of the corporations participating
50 in such joint venture shall have been actively engaged in business in
51 this state for not less than ten years, and [(iii)] (III) exemption for such
52 sales in accordance with this subsection, with respect to any single
53 joint venture, shall not be allowed for a period in excess of twenty
54 consecutive years from the date of such venture's incorporation,
55 formation or organization, or in the case of a joint venture in existence
56 prior to January 1, 1986, within the aircraft industry, for a period in
57 excess of [thirty] forty consecutive years, and such exemption shall be
58 applicable to sales of such services rendered on or after January 1,
59 1986.

60 (B) In the case of a joint venture in the aircraft industry, the
61 ownership interest percentage of each participant shall be the
62 aggregate ownership interest percentage owned directly or indirectly
63 by each participant that is a "related member" as defined in section 12-
64 218c.

65 Sec. 4. Subsection (c) of section 32-9zz of the 2012 supplement to the
66 general statutes is repealed and the following is substituted in lieu
67 thereof (*Effective from passage*):

68 (c) Any manufacturer may establish an interest-bearing
69 manufacturing reinvestment account, provided (1) contributions in
70 any income year shall not exceed the lesser of (A) fifty thousand
71 dollars in income years commencing on or after January 1, 2011, and
72 prior to January 1, 2012, or one hundred thousand dollars in income
73 years commencing on or after January 1, 2012, or (B) such
74 manufacturer's domestic gross receipts, (2) moneys may be held in
75 such account for not more than five years, (3) distributions from such
76 account shall be used by such manufacturer to purchase machinery [,
77 or equipment for use in the state or manufacturing facilities, as defined
78 in subdivision (72) of section 12-81, or for workforce training,
79 development or expansion in the state, and (4) disbursements shall be

80 [subject to tax at a rate of three and one-half per cent regardless of
81 corporate or business structure] treated in accordance with the
82 provisions of chapter 208 or 229.

83 Sec. 5. Subsection (d) of section 32-9zz of the 2012 supplement to the
84 general statutes is repealed and the following is substituted in lieu
85 thereof (*Effective from passage*):

86 (d) Any money remaining in a [manufacturer's] manufacturing
87 reinvestment account at the end of the five-year period [or] after such
88 account's creation or organization, including any interest earned [that
89 results in the account balance exceeding the amounts established
90 pursuant to subdivision (1) of subsection (c) of this section in any given
91 year] remaining, shall be returned to the manufacturer [who shall pay
92 the full rate of tax on such amount under chapter 208, provided such
93 payment shall be deemed to be a timely payment if such tax is
94 remitted to the Commissioner of Revenue Services not later than sixty
95 days after the date of such return] and shall be treated in accordance
96 with the provisions of chapter 208 or 229.

97 Sec. 6. Subdivision (1) of subsection (a) of section 12-217 of the 2012
98 supplement to the general statutes is repealed and the following is
99 substituted in lieu thereof (*Effective from passage and applicable to income*
100 *years commencing on or after January 1, 2012*):

101 (a) (1) In arriving at net income as defined in section 12-213, as
102 amended by this act, whether or not the taxpayer is taxable under the
103 federal corporation net income tax, there shall be deducted from gross
104 income, (A) all items deductible under the Internal Revenue Code
105 effective and in force on the last day of the income year except (i) any
106 taxes imposed under the provisions of this chapter which are paid or
107 accrued in the income year and in the income year commencing
108 January 1, 1989, and thereafter, any taxes in any state of the United
109 States or any political subdivision of such state, or the District of
110 Columbia, imposed on or measured by the income or profits of a
111 corporation which are paid or accrued in the income year, (ii)

112 deductions for depreciation, which shall be allowed as provided in
113 subsection (b) of this section, (iii) deductions for qualified domestic
114 production activities income, as provided in Section 199 of the Internal
115 Revenue Code, and (iv) in the case of any captive real estate
116 investment trust, the deduction for dividends paid provided under
117 Section 857(b)(2) of the Internal Revenue Code, and (B) additionally, in
118 the case of a regulated investment company, the sum of (i) the exempt-
119 interest dividends, as defined in the Internal Revenue Code, and (ii)
120 expenses, bond premium, and interest related to tax-exempt income
121 that are disallowed as deductions under the Internal Revenue Code,
122 and (C) in the case of a taxpayer maintaining an international banking
123 facility as defined in the laws of the United States or the regulations of
124 the Board of Governors of the Federal Reserve System, as either may
125 be amended from time to time, the gross income attributable to the
126 international banking facility, provided, no expense or loss attributable
127 to the international banking facility shall be a deduction under any
128 provision of this section, and (D) additionally, in the case of all
129 taxpayers, all dividends as defined in the Internal Revenue Code
130 effective and in force on the last day of the income year not otherwise
131 deducted from gross income, including dividends received from a
132 DISC or former DISC as defined in Section 992 of the Internal Revenue
133 Code and dividends deemed to have been distributed by a DISC or
134 former DISC as provided in Section 995 of said Internal Revenue Code,
135 other than thirty per cent of dividends received from a domestic
136 corporation in which the taxpayer owns less than twenty per cent of
137 the total voting power and value of the stock of such corporation, and
138 (E) additionally, in the case of all taxpayers, the value of any capital
139 gain realized from the sale of any land, or interest in land, to the state,
140 any political subdivision of the state, or to any nonprofit land
141 conservation organization where such land is to be permanently
142 preserved as protected open space or to a water company, as defined
143 in section 25-32a, where such land is to be permanently preserved as
144 protected open space or as Class I or Class II water company land, and
145 (F) in the case of manufacturers, the amount of any contribution to a
146 manufacturing reinvestment account established pursuant to section

147 32-9zz, as amended by this act, in the [taxable] income year that such
148 contribution is made to the extent not deductible for federal income tax
149 purposes.

150 Sec. 7. Subdivision (9) of subsection (a) of section 12-213 of the
151 general statutes is repealed and the following is substituted in lieu
152 thereof (*Effective from passage and applicable to income years commencing*
153 *on or after January 1, 2012*):

154 (9) (A) "Gross income" means gross income, as defined in the
155 Internal Revenue Code, and, in addition, means any interest or exempt
156 interest dividends, as defined in Section 852(b)(5) of the Internal
157 Revenue Code, received by the taxpayer or losses of other calendar or
158 fiscal years, retroactive to include all calendar or fiscal years beginning
159 after January 1, 1935, incurred by the taxpayer which are excluded
160 from gross income for purposes of assessing the federal corporation
161 net income tax, and in addition, notwithstanding any other provision
162 of law, means interest or exempt interest dividends, as defined in said
163 Section 852(b)(5) of the Internal Revenue Code, accrued on or after the
164 application date, as defined in section 12-242ff, with respect to any
165 obligation issued by or on behalf of the state, its agencies, authorities,
166 commissions and other instrumentalities, or by or on behalf of its
167 political subdivisions and their agencies, authorities, commissions and
168 other instrumentalities;

169 (B) "Gross income" shall include (i) to the extent not properly
170 includable in gross income for federal income tax purposes, an amount
171 equal to fifty per cent of any distribution from a manufacturing
172 reinvestment account used in accordance with subsection (c) of section
173 32-9zz, as amended by this act, to the extent that a contribution to such
174 account was subtracted from gross income pursuant to subparagraph
175 (F) of subdivision (1) of subsection (a) of section 12-217, as amended by
176 this act, in computing net income for the current or a preceding income
177 year, and (ii) to the extent not properly includable in gross income for
178 federal income tax purposes, an amount equal to (I) any distribution
179 from a manufacturing reinvestment account not used in accordance

180 with subdivision (3) of subsection (c) of section 32-9zz, as amended by
181 this act, to the extent that a contribution to such account was
182 subtracted from gross income pursuant to subparagraph (F) of
183 subdivision (1) of subsection (a) of section 12-217, as amended by this
184 act, in computing net income for the current or a preceding income
185 year, and (II) any return of money from a manufacturing reinvestment
186 account pursuant to subsection (d) of section 32-9zz, as amended by
187 this act, to the extent that a contribution to such account was
188 subtracted from gross income pursuant to subparagraph (F) of
189 subdivision (1) of subsection (a) of section 12-217, as amended by this
190 act, in computing income for the current or a preceding income year;

191 [(B)] (C) "Gross income" shall not include the amount which for
192 federal income tax purposes is treated as a dividend received by a
193 domestic United States corporation from a foreign corporation on
194 account of foreign taxes deemed paid by such domestic corporation,
195 when such domestic corporation elects the foreign tax credit for federal
196 income tax purposes;

197 [(C)] (D) "Gross income" shall not include any amount which for
198 federal income tax purposes is treated as a dividend received directly
199 or indirectly by a taxpayer from a passive investment company;

200 Sec. 8. Subdivision (20) of subsection (a) of section 12-701 of the
201 general statutes is repealed and the following is substituted in lieu
202 thereof (*Effective from passage and applicable to taxable years commencing*
203 *on or after January 1, 2012*):

204 (20) "Connecticut adjusted gross income" means adjusted gross
205 income, with the following modifications:

206 (A) There shall be added thereto (i) to the extent not properly
207 includable in gross income for federal income tax purposes, any
208 interest income from obligations issued by or on behalf of any state,
209 political subdivision thereof, or public instrumentality, state or local
210 authority, district or similar public entity, exclusive of such income
211 from obligations issued by or on behalf of the state of Connecticut, any

212 political subdivision thereof, or public instrumentality, state or local
213 authority, district or similar public entity created under the laws of the
214 state of Connecticut and exclusive of any such income with respect to
215 which taxation by any state is prohibited by federal law, (ii) any
216 exempt-interest dividends, as defined in Section 852(b)(5) of the
217 Internal Revenue Code, exclusive of such exempt-interest dividends
218 derived from obligations issued by or on behalf of the state of
219 Connecticut, any political subdivision thereof, or public
220 instrumentality, state or local authority, district or similar public entity
221 created under the laws of the state of Connecticut and exclusive of
222 such exempt-interest dividends derived from obligations, the income
223 with respect to which taxation by any state is prohibited by federal
224 law, (iii) any interest or dividend income on obligations or securities of
225 any authority, commission or instrumentality of the United States
226 which federal law exempts from federal income tax but does not
227 exempt from state income taxes, (iv) to the extent included in gross
228 income for federal income tax purposes for the taxable year, the total
229 taxable amount of a lump sum distribution for the taxable year
230 deductible from such gross income in calculating federal adjusted
231 gross income, (v) to the extent properly includable in determining the
232 net gain or loss from the sale or other disposition of capital assets for
233 federal income tax purposes, any loss from the sale or exchange of
234 obligations issued by or on behalf of the state of Connecticut, any
235 political subdivision thereof, or public instrumentality, state or local
236 authority, district or similar public entity created under the laws of the
237 state of Connecticut, in the income year such loss was recognized, (vi)
238 to the extent deductible in determining federal adjusted gross income,
239 any income taxes imposed by this state, (vii) to the extent deductible in
240 determining federal adjusted gross income, any interest on
241 indebtedness incurred or continued to purchase or carry obligations or
242 securities the interest on which is exempt from tax under this chapter,
243 (viii) expenses paid or incurred during the taxable year for the
244 production or collection of income which is exempt from taxation
245 under this chapter or the management, conservation or maintenance of
246 property held for the production of such income, and the amortizable

247 bond premium for the taxable year on any bond the interest on which
248 is exempt from tax under this chapter to the extent that such expenses
249 and premiums are deductible in determining federal adjusted gross
250 income, (ix) for property placed in service after September 10, 2001, but
251 prior to September 11, 2004, in taxable years ending after September
252 10, 2001, any additional allowance for depreciation under subsection
253 (k) of Section 168 of the Internal Revenue Code, as provided by Section
254 101 of the Job Creation and Worker Assistance Act of 2002, to the
255 extent deductible in determining federal adjusted gross income, (x) to
256 the extent deductible in determining federal adjusted gross income, the
257 deduction allowable as qualified domestic production activities
258 income, pursuant to Section 199 of the Internal Revenue Code, [and]
259 (xi) to the extent not properly includable in gross income for federal
260 income tax purposes for the taxable year, any income from the
261 discharge of indebtedness, in taxable years ending after December 31,
262 2008, in connection with any reacquisition, after December 31, 2008,
263 and before January 1, 2011, of an applicable debt instrument or
264 instruments, as those terms are defined in Section 108 of the Internal
265 Revenue Code, as amended by Section 1231 of the American Recovery
266 and Reinvestment Act of 2009, the inclusion of which income in federal
267 gross income for the taxable year is deferred, as provided by said
268 Section 1231; (xii) to the extent not properly includable in gross income
269 for federal income tax purposes, an amount equal to fifty per cent of
270 any distribution from a manufacturing reinvestment account used in
271 accordance with subdivision (3) of subsection (c) of section 32-9zz, as
272 amended by this act, to the extent that a contribution to such account
273 was subtracted from federal adjusted gross income pursuant to clause
274 (xix) of subparagraph (B) of this subdivision in computing Connecticut
275 adjusted gross income for the current or a preceding taxable year; and
276 (xiii) to the extent not properly includable in gross income for federal
277 income tax purposes, and amount equal to (I) any distribution from a
278 manufacturing reinvestment account not used in accordance with
279 subdivision (3) of subsection (c) of section 32-9zz, as amended by this
280 act, to the extent that a contribution to such account was subtracted
281 from federal adjusted gross income pursuant to clause (xix) of

282 subparagraph (B) of this subdivision in computing Connecticut
283 adjusted gross income for the current or a preceding taxable year, and
284 (II) any return of money from a manufacturing reinvestment account
285 pursuant to subsection (d) of section 32-9zz, as amended by this act, to
286 the extent that a contribution to such account was subtracted from
287 federal adjusted gross income pursuant to clause (xix) of subparagraph
288 (B) of this subdivision in computing Connecticut adjusted gross
289 income for the current or a preceding taxable year.

290 (B) There shall be subtracted therefrom (i) to the extent properly
291 includable in gross income for federal income tax purposes, any
292 income with respect to which taxation by any state is prohibited by
293 federal law, (ii) to the extent allowable under section 12-718, exempt
294 dividends paid by a regulated investment company, (iii) the amount of
295 any refund or credit for overpayment of income taxes imposed by this
296 state, or any other state of the United States or a political subdivision
297 thereof, or the District of Columbia, to the extent properly includable
298 in gross income for federal income tax purposes, (iv) to the extent
299 properly includable in gross income for federal income tax purposes
300 and not otherwise subtracted from federal adjusted gross income
301 pursuant to clause (x) of this subparagraph in computing Connecticut
302 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
303 extent any additional allowance for depreciation under Section 168(k)
304 of the Internal Revenue Code, as provided by Section 101 of the Job
305 Creation and Worker Assistance Act of 2002, for property placed in
306 service after December 31, 2001, but prior to September 10, 2004, was
307 added to federal adjusted gross income pursuant to subparagraph
308 (A)(ix) of this subdivision in computing Connecticut adjusted gross
309 income for a taxable year ending after December 31, 2001, twenty-five
310 per cent of such additional allowance for depreciation in each of the
311 four succeeding taxable years, (vi) to the extent properly includable in
312 gross income for federal income tax purposes, any interest income
313 from obligations issued by or on behalf of the state of Connecticut, any
314 political subdivision thereof, or public instrumentality, state or local
315 authority, district or similar public entity created under the laws of the

316 state of Connecticut, (vii) to the extent properly includable in
317 determining the net gain or loss from the sale or other disposition of
318 capital assets for federal income tax purposes, any gain from the sale
319 or exchange of obligations issued by or on behalf of the state of
320 Connecticut, any political subdivision thereof, or public
321 instrumentality, state or local authority, district or similar public entity
322 created under the laws of the state of Connecticut, in the income year
323 such gain was recognized, (viii) any interest on indebtedness incurred
324 or continued to purchase or carry obligations or securities the interest
325 on which is subject to tax under this chapter but exempt from federal
326 income tax, to the extent that such interest on indebtedness is not
327 deductible in determining federal adjusted gross income and is
328 attributable to a trade or business carried on by such individual, (ix)
329 ordinary and necessary expenses paid or incurred during the taxable
330 year for the production or collection of income which is subject to
331 taxation under this chapter but exempt from federal income tax, or the
332 management, conservation or maintenance of property held for the
333 production of such income, and the amortizable bond premium for the
334 taxable year on any bond the interest on which is subject to tax under
335 this chapter but exempt from federal income tax, to the extent that
336 such expenses and premiums are not deductible in determining federal
337 adjusted gross income and are attributable to a trade or business
338 carried on by such individual, (x) (I) for a person who files a return
339 under the federal income tax as an unmarried individual whose
340 federal adjusted gross income for such taxable year is less than fifty
341 thousand dollars, or as a married individual filing separately whose
342 federal adjusted gross income for such taxable year is less than fifty
343 thousand dollars, or for a husband and wife who file a return under
344 the federal income tax as married individuals filing jointly whose
345 federal adjusted gross income for such taxable year is less than sixty
346 thousand dollars or a person who files a return under the federal
347 income tax as a head of household whose federal adjusted gross
348 income for such taxable year is less than sixty thousand dollars, an
349 amount equal to the Social Security benefits includable for federal
350 income tax purposes; and (II) for a person who files a return under the

351 federal income tax as an unmarried individual whose federal adjusted
352 gross income for such taxable year is fifty thousand dollars or more, or
353 as a married individual filing separately whose federal adjusted gross
354 income for such taxable year is fifty thousand dollars or more, or for a
355 husband and wife who file a return under the federal income tax as
356 married individuals filing jointly whose federal adjusted gross income
357 from such taxable year is sixty thousand dollars or more or for a
358 person who files a return under the federal income tax as a head of
359 household whose federal adjusted gross income for such taxable year
360 is sixty thousand dollars or more, an amount equal to the difference
361 between the amount of Social Security benefits includable for federal
362 income tax purposes and the lesser of twenty-five per cent of the Social
363 Security benefits received during the taxable year, or twenty-five per
364 cent of the excess described in Section 86(b)(1) of the Internal Revenue
365 Code, (xi) to the extent properly includable in gross income for federal
366 income tax purposes, any amount rebated to a taxpayer pursuant to
367 section 12-746, (xii) to the extent properly includable in the gross
368 income for federal income tax purposes of a designated beneficiary,
369 any distribution to such beneficiary from any qualified state tuition
370 program, as defined in Section 529(b) of the Internal Revenue Code,
371 established and maintained by this state or any official, agency or
372 instrumentality of the state, (xiii) to the extent allowable under section
373 12-701a, contributions to accounts established pursuant to any
374 qualified state tuition program, as defined in Section 529(b) of the
375 Internal Revenue Code, established and maintained by this state or
376 any official, agency or instrumentality of the state, (xiv) to the extent
377 properly includable in gross income for federal income tax purposes,
378 the amount of any Holocaust victims' settlement payment received in
379 the taxable year by a Holocaust victim, (xv) to the extent properly
380 includable in gross income for federal income tax purposes of an
381 account holder, as defined in section 31-51ww, interest earned on
382 funds deposited in the individual development account, as defined in
383 section 31-51ww, of such account holder, (xvi) to the extent properly
384 includable in the gross income for federal income tax purposes of a
385 designated beneficiary, as defined in section 3-123aa, interest,

386 dividends or capital gains earned on contributions to accounts
 387 established for the designated beneficiary pursuant to the Connecticut
 388 Homecare Option Program for the Elderly established by sections 3-
 389 123aa to 3-123ff, inclusive, (xvii) to the extent properly included in
 390 gross income for federal income tax purposes, fifty per cent of the
 391 income received from the United States government as retirement pay
 392 for a retired member of (I) the Armed Forces of the United States, as
 393 defined in Section 101 of Title 10 of the United States Code, or (II) the
 394 National Guard, as defined in Section 101 of Title 10 of the United
 395 States Code, [and] (xviii) to the extent properly includable in gross
 396 income for federal income tax purposes for the taxable year, any
 397 income from the discharge of indebtedness in connection with any
 398 reacquisition, after December 31, 2008, and before January 1, 2011, of
 399 an applicable debt instrument or instruments, as those terms are
 400 defined in Section 108 of the Internal Revenue Code, as amended by
 401 Section 1231 of the American Recovery and Reinvestment Act of 2009,
 402 to the extent any such income was added to federal adjusted gross
 403 income pursuant to subparagraph (A)(x) of this subdivision in
 404 computing Connecticut adjusted gross income for a preceding taxable
 405 year; and (xix) to the extent not deductible in determining federal
 406 adjusted gross income, the amount of any contribution to a
 407 manufacturing reinvestment account established pursuant to section
 408 32-9zz, as amended by this act, in the taxable year that such
 409 contribution is made.

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

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>	32-701(a)
Sec. 3	<i>from passage</i>	12-412(58)

Sec. 4	<i>from passage</i>	32-9zz(c)
Sec. 5	<i>from passage</i>	32-9zz(d)
Sec. 6	<i>from passage and applicable to income years commencing on or after January 1, 2012</i>	12-217(a)(1)
Sec. 7	<i>from passage and applicable to income years commencing on or after January 1, 2012</i>	12-213(a)(9)
Sec. 8	<i>from passage and applicable to taxable years commencing on or after January 1, 2012</i>	12-701(a)(20)