



General Assembly

Amendment

January Session, 2013

LCO No. 8949

SB0107908949HDO

Offered by:
REP. PERONE, 137th Dist.

To: Subst. Senate Bill No. 1079 File No. 712 Cal. No. 612

**"AN ACT INCREASING THE MANUFACTURING
APPRENTICESHIP TAX CREDIT."**

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Subsections (b) and (c) of section 32-9zz of the general
4 statutes are repealed and the following is substituted in lieu thereof
5 (*Effective July 1, 2013, and applicable to taxable or income years, as*
6 *applicable, commencing on or after January 1, 2013*):

7 (b) The Department of Economic and Community Development
8 shall establish criteria and guidelines to select not more than one
9 hundred manufacturers that may establish a reinvestment account
10 pursuant to subsection (c) of this section. Such criteria shall include,
11 but not be limited to, a requirement that any such manufacturer shall
12 have not more than [fifty] seventy-five employees. The department
13 shall, based on the criteria established pursuant to this subsection,
14 establish an ongoing list of selected manufacturers.

15 (c) Any manufacturer may establish an interest-bearing
16 manufacturing reinvestment account, provided (1) contributions in
17 any income year shall not exceed the lesser of (A) fifty thousand
18 dollars, [in income years commencing on or after January 1, 2011, and
19 prior to January 1, 2012, or one hundred thousand dollars in income
20 years commencing on or after January 1, 2012,] or (B) such
21 manufacturer's domestic gross receipts, (2) moneys may be held in
22 such account for not more than five years, (3) distributions from such
23 account shall be used by such manufacturer to purchase machinery or
24 equipment for use in the state or manufacturing facilities, as defined in
25 subdivision (72) of section 12-81, or for workforce training,
26 development or expansion in the state, and (4) distributions shall be
27 treated in accordance with the provisions of chapter 208 or 229.

28 Sec. 502. Subdivision (9) of subsection (a) of section 12-213 of the
29 general statutes is repealed and the following is substituted in lieu
30 thereof (*Effective July 1, 2013, and applicable to income years commencing*
31 *on or after January 1, 2013*):

32 (9) (A) "Gross income" means gross income, as defined in the
33 Internal Revenue Code, and, in addition, means any interest or exempt
34 interest dividends, as defined in Section 852(b)(5) of the Internal
35 Revenue Code, received by the taxpayer or losses of other calendar or
36 fiscal years, retroactive to include all calendar or fiscal years beginning
37 after January 1, 1935, incurred by the taxpayer which are excluded
38 from gross income for purposes of assessing the federal corporation
39 net income tax, and in addition, notwithstanding any other provision
40 of law, means interest or exempt interest dividends, as defined in said
41 Section 852(b)(5) of the Internal Revenue Code, accrued on or after the
42 application date, as defined in section 12-242ff, with respect to any
43 obligation issued by or on behalf of the state, its agencies, authorities,
44 commissions and other instrumentalities, or by or on behalf of its
45 political subdivisions and their agencies, authorities, commissions and
46 other instrumentalities;

47 (B) "Gross income" shall include (i) to the extent not properly

48 includable in gross income for federal income tax purposes, an amount
49 equal to fifty per cent of any distribution from a manufacturing
50 reinvestment account used in accordance with subsection (c) of section
51 32-9zz, as amended by this act, to the extent that a contribution to such
52 account was subtracted from gross income pursuant to subparagraph
53 (F) of subdivision (1) of subsection (a) of section 12-217 in computing
54 net income for [the current or a preceding income year] any income
55 year commencing prior to January 1, 2013, and (ii) to the extent not
56 properly includable in gross income for federal income tax purposes,
57 an amount equal to (I) any distribution from a manufacturing
58 reinvestment account not used in accordance with subdivision (3) of
59 subsection (c) of section 32-9zz, as amended by this act, to the extent
60 that a contribution to such account was subtracted from gross income
61 pursuant to subparagraph (F) of subdivision (1) of subsection (a) of
62 section 12-217 in computing net income for the current or a preceding
63 income year, and (II) any return of money from a manufacturing
64 reinvestment account pursuant to subsection (d) of section 32-9zz to
65 the extent that a contribution to such account was subtracted from
66 gross income pursuant to subparagraph (F) of subdivision (1) of
67 subsection (a) of section 12-217 in computing net income for the
68 current or a preceding income year;

69 (C) "Gross income" shall not include the amount which for federal
70 income tax purposes is treated as a dividend received by a domestic
71 United States corporation from a foreign corporation on account of
72 foreign taxes deemed paid by such domestic corporation, when such
73 domestic corporation elects the foreign tax credit for federal income
74 tax purposes;

75 (D) "Gross income" shall not include any amount which for federal
76 income tax purposes is treated as a dividend received directly or
77 indirectly by a taxpayer from a passive investment company;

78 Sec. 503. Subdivision (20) of subsection (a) of section 12-701 of the
79 general statutes is repealed and the following is substituted in lieu
80 thereof (*Effective July 1, 2013, and applicable to taxable years commencing*

81 *on or after January 1, 2013):*

82 (20) "Connecticut adjusted gross income" means adjusted gross
83 income, with the following modifications:

84 (A) There shall be added thereto (i) to the extent not properly
85 includable in gross income for federal income tax purposes, any
86 interest income from obligations issued by or on behalf of any state,
87 political subdivision thereof, or public instrumentality, state or local
88 authority, district or similar public entity, exclusive of such income
89 from obligations issued by or on behalf of the state of Connecticut, any
90 political subdivision thereof, or public instrumentality, state or local
91 authority, district or similar public entity created under the laws of the
92 state of Connecticut and exclusive of any such income with respect to
93 which taxation by any state is prohibited by federal law, (ii) any
94 exempt-interest dividends, as defined in Section 852(b)(5) of the
95 Internal Revenue Code, exclusive of such exempt-interest dividends
96 derived from obligations issued by or on behalf of the state of
97 Connecticut, any political subdivision thereof, or public
98 instrumentality, state or local authority, district or similar public entity
99 created under the laws of the state of Connecticut and exclusive of
100 such exempt-interest dividends derived from obligations, the income
101 with respect to which taxation by any state is prohibited by federal
102 law, (iii) any interest or dividend income on obligations or securities of
103 any authority, commission or instrumentality of the United States
104 which federal law exempts from federal income tax but does not
105 exempt from state income taxes, (iv) to the extent included in gross
106 income for federal income tax purposes for the taxable year, the total
107 taxable amount of a lump sum distribution for the taxable year
108 deductible from such gross income in calculating federal adjusted
109 gross income, (v) to the extent properly includable in determining the
110 net gain or loss from the sale or other disposition of capital assets for
111 federal income tax purposes, any loss from the sale or exchange of
112 obligations issued by or on behalf of the state of Connecticut, any
113 political subdivision thereof, or public instrumentality, state or local
114 authority, district or similar public entity created under the laws of the

115 state of Connecticut, in the income year such loss was recognized, (vi)
116 to the extent deductible in determining federal adjusted gross income,
117 any income taxes imposed by this state, (vii) to the extent deductible in
118 determining federal adjusted gross income, any interest on
119 indebtedness incurred or continued to purchase or carry obligations or
120 securities the interest on which is exempt from tax under this chapter,
121 (viii) expenses paid or incurred during the taxable year for the
122 production or collection of income which is exempt from taxation
123 under this chapter or the management, conservation or maintenance of
124 property held for the production of such income, and the amortizable
125 bond premium for the taxable year on any bond the interest on which
126 is exempt from tax under this chapter to the extent that such expenses
127 and premiums are deductible in determining federal adjusted gross
128 income, (ix) for property placed in service after September 10, 2001, but
129 prior to September 11, 2004, in taxable years ending after September
130 10, 2001, any additional allowance for depreciation under subsection
131 (k) of Section 168 of the Internal Revenue Code, as provided by Section
132 101 of the Job Creation and Worker Assistance Act of 2002, to the
133 extent deductible in determining federal adjusted gross income, (x) to
134 the extent deductible in determining federal adjusted gross income, the
135 deduction allowable as qualified domestic production activities
136 income, pursuant to Section 199 of the Internal Revenue Code, (xi) to
137 the extent not properly includable in gross income for federal income
138 tax purposes for the taxable year, any income from the discharge of
139 indebtedness, in taxable years ending after December 31, 2008, in
140 connection with any reacquisition, after December 31, 2008, and before
141 January 1, 2011, of an applicable debt instrument or instruments, as
142 those terms are defined in Section 108 of the Internal Revenue Code, as
143 amended by Section 1231 of the American Recovery and Reinvestment
144 Act of 2009, the inclusion of which income in federal gross income for
145 the taxable year is deferred, as provided by said Section 1231; (xii) to
146 the extent not properly includable in gross income for federal income
147 tax purposes, an amount equal to fifty per cent of any distribution
148 from a manufacturing reinvestment account used in accordance with
149 subdivision (3) of subsection (c) of section 32-9zz, as amended by this

150 act, to the extent that a contribution to such account was subtracted
151 from federal adjusted gross income pursuant to clause (xix) of
152 subparagraph (B) of this subdivision in computing Connecticut
153 adjusted gross income for [the current or a preceding taxable year] any
154 taxable year commencing prior to January 1, 2013; and (xiii) to the
155 extent not properly includable in gross income for federal income tax
156 purposes, an amount equal to (I) any distribution from a
157 manufacturing reinvestment account not used in accordance with
158 subdivision (3) of subsection (c) of section 32-9zz, as amended by this
159 act, to the extent that a contribution to such account was subtracted
160 from federal adjusted gross income pursuant to clause (xix) of
161 subparagraph (B) of this subdivision in computing Connecticut
162 adjusted gross income for the current or a preceding taxable year, and
163 (II) any return of money from a manufacturing reinvestment account
164 pursuant to subsection (d) of section 32-9zz to the extent that a
165 contribution to such account was subtracted from federal adjusted
166 gross income pursuant to clause (xix) of subparagraph (B) of this
167 subdivision in computing Connecticut adjusted gross income for the
168 current or a preceding taxable year.

169 (B) There shall be subtracted therefrom (i) to the extent properly
170 includable in gross income for federal income tax purposes, any
171 income with respect to which taxation by any state is prohibited by
172 federal law, (ii) to the extent allowable under section 12-718, exempt
173 dividends paid by a regulated investment company, (iii) the amount of
174 any refund or credit for overpayment of income taxes imposed by this
175 state, or any other state of the United States or a political subdivision
176 thereof, or the District of Columbia, to the extent properly includable
177 in gross income for federal income tax purposes, (iv) to the extent
178 properly includable in gross income for federal income tax purposes
179 and not otherwise subtracted from federal adjusted gross income
180 pursuant to clause (x) of this subparagraph in computing Connecticut
181 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
182 extent any additional allowance for depreciation under Section 168(k)
183 of the Internal Revenue Code, as provided by Section 101 of the Job

184 Creation and Worker Assistance Act of 2002, for property placed in
185 service after December 31, 2001, but prior to September 10, 2004, was
186 added to federal adjusted gross income pursuant to subparagraph
187 (A)(ix) of this subdivision in computing Connecticut adjusted gross
188 income for a taxable year ending after December 31, 2001, twenty-five
189 per cent of such additional allowance for depreciation in each of the
190 four succeeding taxable years, (vi) to the extent properly includable in
191 gross income for federal income tax purposes, any interest income
192 from obligations issued by or on behalf of the state of Connecticut, any
193 political subdivision thereof, or public instrumentality, state or local
194 authority, district or similar public entity created under the laws of the
195 state of Connecticut, (vii) to the extent properly includable in
196 determining the net gain or loss from the sale or other disposition of
197 capital assets for federal income tax purposes, any gain from the sale
198 or exchange of obligations issued by or on behalf of the state of
199 Connecticut, any political subdivision thereof, or public
200 instrumentality, state or local authority, district or similar public entity
201 created under the laws of the state of Connecticut, in the income year
202 such gain was recognized, (viii) any interest on indebtedness incurred
203 or continued to purchase or carry obligations or securities the interest
204 on which is subject to tax under this chapter but exempt from federal
205 income tax, to the extent that such interest on indebtedness is not
206 deductible in determining federal adjusted gross income and is
207 attributable to a trade or business carried on by such individual, (ix)
208 ordinary and necessary expenses paid or incurred during the taxable
209 year for the production or collection of income which is subject to
210 taxation under this chapter but exempt from federal income tax, or the
211 management, conservation or maintenance of property held for the
212 production of such income, and the amortizable bond premium for the
213 taxable year on any bond the interest on which is subject to tax under
214 this chapter but exempt from federal income tax, to the extent that
215 such expenses and premiums are not deductible in determining federal
216 adjusted gross income and are attributable to a trade or business
217 carried on by such individual, (x) (I) for a person who files a return
218 under the federal income tax as an unmarried individual whose

219 federal adjusted gross income for such taxable year is less than fifty
220 thousand dollars, or as a married individual filing separately whose
221 federal adjusted gross income for such taxable year is less than fifty
222 thousand dollars, or for a husband and wife who file a return under
223 the federal income tax as married individuals filing jointly whose
224 federal adjusted gross income for such taxable year is less than sixty
225 thousand dollars or a person who files a return under the federal
226 income tax as a head of household whose federal adjusted gross
227 income for such taxable year is less than sixty thousand dollars, an
228 amount equal to the Social Security benefits includable for federal
229 income tax purposes; and (II) for a person who files a return under the
230 federal income tax as an unmarried individual whose federal adjusted
231 gross income for such taxable year is fifty thousand dollars or more, or
232 as a married individual filing separately whose federal adjusted gross
233 income for such taxable year is fifty thousand dollars or more, or for a
234 husband and wife who file a return under the federal income tax as
235 married individuals filing jointly whose federal adjusted gross income
236 from such taxable year is sixty thousand dollars or more or for a
237 person who files a return under the federal income tax as a head of
238 household whose federal adjusted gross income for such taxable year
239 is sixty thousand dollars or more, an amount equal to the difference
240 between the amount of Social Security benefits includable for federal
241 income tax purposes and the lesser of twenty-five per cent of the Social
242 Security benefits received during the taxable year, or twenty-five per
243 cent of the excess described in Section 86(b)(1) of the Internal Revenue
244 Code, (xi) to the extent properly includable in gross income for federal
245 income tax purposes, any amount rebated to a taxpayer pursuant to
246 section 12-746, (xii) to the extent properly includable in the gross
247 income for federal income tax purposes of a designated beneficiary,
248 any distribution to such beneficiary from any qualified state tuition
249 program, as defined in Section 529(b) of the Internal Revenue Code,
250 established and maintained by this state or any official, agency or
251 instrumentality of the state, (xiii) to the extent allowable under section
252 12-701a, contributions to accounts established pursuant to any
253 qualified state tuition program, as defined in Section 529(b) of the

254 Internal Revenue Code, established and maintained by this state or
255 any official, agency or instrumentality of the state, (xiv) to the extent
256 properly includable in gross income for federal income tax purposes,
257 the amount of any Holocaust victims' settlement payment received in
258 the taxable year by a Holocaust victim, (xv) to the extent properly
259 includable in gross income for federal income tax purposes of an
260 account holder, as defined in section 31-51ww, interest earned on
261 funds deposited in the individual development account, as defined in
262 section 31-51ww, of such account holder, (xvi) to the extent properly
263 includable in the gross income for federal income tax purposes of a
264 designated beneficiary, as defined in section 3-123aa, interest,
265 dividends or capital gains earned on contributions to accounts
266 established for the designated beneficiary pursuant to the Connecticut
267 Homecare Option Program for the Elderly established by sections 3-
268 123aa to 3-123ff, inclusive, (xvii) to the extent properly included in
269 gross income for federal income tax purposes, fifty per cent of the
270 income received from the United States government as retirement pay
271 for a retired member of (I) the Armed Forces of the United States, as
272 defined in Section 101 of Title 10 of the United States Code, or (II) the
273 National Guard, as defined in Section 101 of Title 10 of the United
274 States Code, (xviii) to the extent properly includable in gross income
275 for federal income tax purposes for the taxable year, any income from
276 the discharge of indebtedness in connection with any reacquisition,
277 after December 31, 2008, and before January 1, 2011, of an applicable
278 debt instrument or instruments, as those terms are defined in Section
279 108 of the Internal Revenue Code, as amended by Section 1231 of the
280 American Recovery and Reinvestment Act of 2009, to the extent any
281 such income was added to federal adjusted gross income pursuant to
282 subparagraph (A)(x) of this subdivision in computing Connecticut
283 adjusted gross income for a preceding taxable year; and (xix) to the
284 extent not deductible in determining federal adjusted gross income,
285 the amount of any contribution to a manufacturing reinvestment
286 account established pursuant to section 32-9zz, as amended by this act,
287 in the taxable year that such contribution is made.

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

This act shall take effect as follows and shall amend the following sections:		
Sec. 501	<i>July 1, 2013, and applicable to taxable or income years, as applicable, commencing on or after January 1, 2013</i>	32-9zz(b) and (c)
Sec. 502	<i>July 1, 2013, and applicable to income years commencing on or after January 1, 2013</i>	12-213(a)(9)
Sec. 503	<i>July 1, 2013, and applicable to taxable years commencing on or after January 1, 2013</i>	12-701(a)(20)