



General Assembly

February Session, 2014

***Raised Bill No. 5437***

LCO No. 1642



Referred to Committee on HOUSING

Introduced by:  
(HSG)

***AN ACT CREATING INCENTIVES FOR YOUNG PROFESSIONALS TO LIVE IN URBAN AREAS.***

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

1 Section 1. (NEW) (*Effective October 1, 2014*) (a) The Commissioner of  
2 Housing, in consultation with the Commissioner of Revenue Services,  
3 may establish a Young Professionals Urban Housing Incentive  
4 program. Said program shall provide an incentive for graduates of a  
5 public institution of higher education, a private university or college or  
6 a regional community-technical college to lease rental housing or to  
7 purchase and reside in a first home in urban areas designated by the  
8 Commissioner of Housing for purposes of said program. Pursuant to  
9 said program, persons who graduate on or after January 1, 2015, from  
10 such institutions, universities or colleges and who are personally liable  
11 for an amount equal to or exceeding twenty thousand dollars in  
12 student loans may deduct up to ten per cent of their annual rental or  
13 mortgage payments from their personal income tax liability, provided  
14 no such deduction shall exceed one thousand two hundred dollars  
15 annually.

16 (b) Any person meeting the qualifications set forth in subsection (a)  
17 of this subsection may apply to the Commissioner of Housing for  
18 acceptance to the Young Professionals Urban Housing Incentive  
19 program. Such application shall be made on such form as the  
20 Commissioner of Housing prescribes, and shall be accompanied by  
21 supporting documentation demonstrating that such person meets such  
22 qualifications.

23 (c) Participants in the Young Professionals Urban Housing Incentive  
24 program shall be eligible to participate during the period from the  
25 taxable year during which a participant graduates, and for nine taxable  
26 years thereafter, provided an application is made to the Commissioner  
27 of Housing pursuant to subsection (b) of this section every two years.  
28 Any benefits received under this section shall cease immediately if the  
29 participant ceases to pay rent or to make mortgage payments on a  
30 primary residence located in an urban area designated by the  
31 Commissioner of Housing.

32 Sec. 2. Subparagraph (B) of subdivision (20) of subsection (a) of  
33 section 12-701 of the general statutes is repealed and the following is  
34 substituted in lieu thereof (*Effective from passage and applicable to taxable*  
35 *years commencing on or after January 1, 2014*):

36 (B) There shall be subtracted therefrom (i) to the extent properly  
37 includable in gross income for federal income tax purposes, any  
38 income with respect to which taxation by any state is prohibited by  
39 federal law, (ii) to the extent allowable under section 12-718, exempt  
40 dividends paid by a regulated investment company, (iii) the amount of  
41 any refund or credit for overpayment of income taxes imposed by this  
42 state, or any other state of the United States or a political subdivision  
43 thereof, or the District of Columbia, to the extent properly includable  
44 in gross income for federal income tax purposes, (iv) to the extent  
45 properly includable in gross income for federal income tax purposes  
46 and not otherwise subtracted from federal adjusted gross income  
47 pursuant to clause (x) of this subparagraph in computing Connecticut

48 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the  
49 extent any additional allowance for depreciation under Section 168(k)  
50 of the Internal Revenue Code, as provided by Section 101 of the Job  
51 Creation and Worker Assistance Act of 2002, for property placed in  
52 service after December 31, 2001, but prior to September 10, 2004, was  
53 added to federal adjusted gross income pursuant to subparagraph  
54 (A)(ix) of this subdivision in computing Connecticut adjusted gross  
55 income for a taxable year ending after December 31, 2001, twenty-five  
56 per cent of such additional allowance for depreciation in each of the  
57 four succeeding taxable years, (vi) to the extent properly includable in  
58 gross income for federal income tax purposes, any interest income  
59 from obligations issued by or on behalf of the state of Connecticut, any  
60 political subdivision thereof, or public instrumentality, state or local  
61 authority, district or similar public entity created under the laws of the  
62 state of Connecticut, (vii) to the extent properly includable in  
63 determining the net gain or loss from the sale or other disposition of  
64 capital assets for federal income tax purposes, any gain from the sale  
65 or exchange of obligations issued by or on behalf of the state of  
66 Connecticut, any political subdivision thereof, or public  
67 instrumentality, state or local authority, district or similar public entity  
68 created under the laws of the state of Connecticut, in the income year  
69 such gain was recognized, (viii) any interest on indebtedness incurred  
70 or continued to purchase or carry obligations or securities the interest  
71 on which is subject to tax under this chapter but exempt from federal  
72 income tax, to the extent that such interest on indebtedness is not  
73 deductible in determining federal adjusted gross income and is  
74 attributable to a trade or business carried on by such individual, (ix)  
75 ordinary and necessary expenses paid or incurred during the taxable  
76 year for the production or collection of income which is subject to  
77 taxation under this chapter but exempt from federal income tax, or the  
78 management, conservation or maintenance of property held for the  
79 production of such income, and the amortizable bond premium for the  
80 taxable year on any bond the interest on which is subject to tax under  
81 this chapter but exempt from federal income tax, to the extent that

82 such expenses and premiums are not deductible in determining federal  
83 adjusted gross income and are attributable to a trade or business  
84 carried on by such individual, (x) (I) for a person who files a return  
85 under the federal income tax as an unmarried individual whose  
86 federal adjusted gross income for such taxable year is less than fifty  
87 thousand dollars, or as a married individual filing separately whose  
88 federal adjusted gross income for such taxable year is less than fifty  
89 thousand dollars, or for a husband and wife who file a return under  
90 the federal income tax as married individuals filing jointly whose  
91 federal adjusted gross income for such taxable year is less than sixty  
92 thousand dollars or a person who files a return under the federal  
93 income tax as a head of household whose federal adjusted gross  
94 income for such taxable year is less than sixty thousand dollars, an  
95 amount equal to the Social Security benefits includable for federal  
96 income tax purposes; and (II) for a person who files a return under the  
97 federal income tax as an unmarried individual whose federal adjusted  
98 gross income for such taxable year is fifty thousand dollars or more, or  
99 as a married individual filing separately whose federal adjusted gross  
100 income for such taxable year is fifty thousand dollars or more, or for a  
101 husband and wife who file a return under the federal income tax as  
102 married individuals filing jointly whose federal adjusted gross income  
103 from such taxable year is sixty thousand dollars or more or for a  
104 person who files a return under the federal income tax as a head of  
105 household whose federal adjusted gross income for such taxable year  
106 is sixty thousand dollars or more, an amount equal to the difference  
107 between the amount of Social Security benefits includable for federal  
108 income tax purposes and the lesser of twenty-five per cent of the Social  
109 Security benefits received during the taxable year, or twenty-five per  
110 cent of the excess described in Section 86(b)(1) of the Internal Revenue  
111 Code, (xi) to the extent properly includable in gross income for federal  
112 income tax purposes, any amount rebated to a taxpayer pursuant to  
113 section 12-746, (xii) to the extent properly includable in the gross  
114 income for federal income tax purposes of a designated beneficiary,  
115 any distribution to such beneficiary from any qualified state tuition

116 program, as defined in Section 529(b) of the Internal Revenue Code,  
117 established and maintained by this state or any official, agency or  
118 instrumentality of the state, (xiii) to the extent allowable under section  
119 12-701a, contributions to accounts established pursuant to any  
120 qualified state tuition program, as defined in Section 529(b) of the  
121 Internal Revenue Code, established and maintained by this state or  
122 any official, agency or instrumentality of the state, (xiv) to the extent  
123 properly includable in gross income for federal income tax purposes,  
124 the amount of any Holocaust victims' settlement payment received in  
125 the taxable year by a Holocaust victim, (xv) to the extent properly  
126 includable in gross income for federal income tax purposes of an  
127 account holder, as defined in section 31-51ww, interest earned on  
128 funds deposited in the individual development account, as defined in  
129 section 31-51ww, of such account holder, (xvi) to the extent properly  
130 includable in the gross income for federal income tax purposes of a  
131 designated beneficiary, as defined in section 3-123aa, interest,  
132 dividends or capital gains earned on contributions to accounts  
133 established for the designated beneficiary pursuant to the Connecticut  
134 Homecare Option Program for the Elderly established by sections 3-  
135 123aa to 3-123ff, inclusive, (xvii) to the extent properly included in  
136 gross income for federal income tax purposes, fifty per cent of the  
137 income received from the United States government as retirement pay  
138 for a retired member of (I) the Armed Forces of the United States, as  
139 defined in Section 101 of Title 10 of the United States Code, or (II) the  
140 National Guard, as defined in Section 101 of Title 10 of the United  
141 States Code, (xviii) to the extent properly includable in gross income  
142 for federal income tax purposes for the taxable year, any income from  
143 the discharge of indebtedness in connection with any reacquisition,  
144 after December 31, 2008, and before January 1, 2011, of an applicable  
145 debt instrument or instruments, as those terms are defined in Section  
146 108 of the Internal Revenue Code, as amended by Section 1231 of the  
147 American Recovery and Reinvestment Act of 2009, to the extent any  
148 such income was added to federal adjusted gross income pursuant to  
149 subparagraph (A)(x) of this subdivision in computing Connecticut

150 adjusted gross income for a preceding taxable year, [; and] (xix) to the  
151 extent not deductible in determining federal adjusted gross income,  
152 the amount of any contribution to a manufacturing reinvestment  
153 account established pursuant to section 32-9zz in the taxable year that  
154 such contribution is made, and (xx) to the extent allowable under  
155 section 1 of this act, rental or mortgage payments by persons  
156 participating in the young professionals urban housing incentive  
157 program established pursuant to section 1 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2014</i>	New section
Sec. 2	<i>from passage and applicable to taxable years commencing on or after January 1, 2014</i>	12-701(a)(20)(B)

**Statement of Purpose:**

To encourage young professionals to live in urban areas.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*