



General Assembly

Amendment

February Session, 2014

LCO No. 4059

SB0024904059SR0

Offered by:

SEN. MCKINNEY, 28th Dist.
SEN. FASANO, 34th Dist.
SEN. BOUCHER, 26th Dist.
SEN. CHAPIN, 30th Dist.
SEN. FRANTZ, 36th Dist.
SEN. GUGLIELMO, 35th Dist.
SEN. KANE, 32nd Dist.

SEN. KELLY, 21st Dist.
SEN. KISSEL, 7th Dist.
SEN. LINARES, 33rd Dist.
SEN. MARKLEY, 16th Dist.
SEN. MCLACHLAN, 24th Dist.
SEN. WELCH, 31st Dist.
SEN. WITKOS, 8th Dist.

To: Senate Bill No. 249

File No. 276

Cal. No. 216

"AN ACT PROMOTING RETIREMENT SAVINGS."

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

3 "Sec. 501. Subparagraph (B) of subdivision (20) of subsection (a) of
4 section 12-701 of the general statutes is repealed and the following is
5 substituted in lieu thereof (*Effective from passage and applicable to taxable*
6 *years commencing on or after January 1, 2014*):

7 (B) There shall be subtracted therefrom (i) to the extent properly
8 includable in gross income for federal income tax purposes, any
9 income with respect to which taxation by any state is prohibited by
10 federal law, (ii) to the extent allowable under section 12-718, exempt

11 dividends paid by a regulated investment company, (iii) the amount of
12 any refund or credit for overpayment of income taxes imposed by this
13 state, or any other state of the United States or a political subdivision
14 thereof, or the District of Columbia, to the extent properly includable
15 in gross income for federal income tax purposes, (iv) to the extent
16 properly includable in gross income for federal income tax purposes
17 and not otherwise subtracted from federal adjusted gross income
18 pursuant to clause (x) of this subparagraph in computing Connecticut
19 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
20 extent any additional allowance for depreciation under Section 168(k)
21 of the Internal Revenue Code, as provided by Section 101 of the Job
22 Creation and Worker Assistance Act of 2002, for property placed in
23 service after December 31, 2001, but prior to September 10, 2004, was
24 added to federal adjusted gross income pursuant to subparagraph
25 (A)(ix) of this subdivision in computing Connecticut adjusted gross
26 income for a taxable year ending after December 31, 2001, twenty-five
27 per cent of such additional allowance for depreciation in each of the
28 four succeeding taxable years, (vi) to the extent properly includable in
29 gross income for federal income tax purposes, any interest income
30 from obligations issued by or on behalf of the state of Connecticut, any
31 political subdivision thereof, or public instrumentality, state or local
32 authority, district or similar public entity created under the laws of the
33 state of Connecticut, (vii) to the extent properly includable in
34 determining the net gain or loss from the sale or other disposition of
35 capital assets for federal income tax purposes, any gain from the sale
36 or exchange of obligations issued by or on behalf of the state of
37 Connecticut, any political subdivision thereof, or public
38 instrumentality, state or local authority, district or similar public entity
39 created under the laws of the state of Connecticut, in the income year
40 such gain was recognized, (viii) any interest on indebtedness incurred
41 or continued to purchase or carry obligations or securities the interest
42 on which is subject to tax under this chapter but exempt from federal
43 income tax, to the extent that such interest on indebtedness is not
44 deductible in determining federal adjusted gross income and is
45 attributable to a trade or business carried on by such individual, (ix)

46 ordinary and necessary expenses paid or incurred during the taxable
47 year for the production or collection of income which is subject to
48 taxation under this chapter but exempt from federal income tax, or the
49 management, conservation or maintenance of property held for the
50 production of such income, and the amortizable bond premium for the
51 taxable year on any bond the interest on which is subject to tax under
52 this chapter but exempt from federal income tax, to the extent that
53 such expenses and premiums are not deductible in determining federal
54 adjusted gross income and are attributable to a trade or business
55 carried on by such individual, (x) (I) for a person who files a return
56 under the federal income tax as an unmarried individual whose
57 federal adjusted gross income for such taxable year is less than fifty
58 thousand dollars, or as a married individual filing separately whose
59 federal adjusted gross income for such taxable year is less than fifty
60 thousand dollars, or for a husband and wife who file a return under
61 the federal income tax as married individuals filing jointly whose
62 federal adjusted gross income for such taxable year is less than sixty
63 thousand dollars or a person who files a return under the federal
64 income tax as a head of household whose federal adjusted gross
65 income for such taxable year is less than sixty thousand dollars, an
66 amount equal to the Social Security benefits includable for federal
67 income tax purposes; and (II) for a person who files a return under the
68 federal income tax as an unmarried individual whose federal adjusted
69 gross income for such taxable year is fifty thousand dollars or more, or
70 as a married individual filing separately whose federal adjusted gross
71 income for such taxable year is fifty thousand dollars or more, or for a
72 husband and wife who file a return under the federal income tax as
73 married individuals filing jointly whose federal adjusted gross income
74 from such taxable year is sixty thousand dollars or more or for a
75 person who files a return under the federal income tax as a head of
76 household whose federal adjusted gross income for such taxable year
77 is sixty thousand dollars or more, an amount equal to the difference
78 between the amount of Social Security benefits includable for federal
79 income tax purposes and the lesser of twenty-five per cent of the Social
80 Security benefits received during the taxable year, or twenty-five per

81 cent of the excess described in Section 86(b)(1) of the Internal Revenue
82 Code, (xi) to the extent properly includable in gross income for federal
83 income tax purposes, any amount rebated to a taxpayer pursuant to
84 section 12-746, (xii) to the extent properly includable in the gross
85 income for federal income tax purposes of a designated beneficiary,
86 any distribution to such beneficiary from any qualified state tuition
87 program, as defined in Section 529(b) of the Internal Revenue Code,
88 established and maintained by this state or any official, agency or
89 instrumentality of the state, (xiii) to the extent allowable under section
90 12-701a, contributions to accounts established pursuant to any
91 qualified state tuition program, as defined in Section 529(b) of the
92 Internal Revenue Code, established and maintained by this state or
93 any official, agency or instrumentality of the state, (xiv) to the extent
94 properly includable in gross income for federal income tax purposes,
95 the amount of any Holocaust victims' settlement payment received in
96 the taxable year by a Holocaust victim, (xv) to the extent properly
97 includable in gross income for federal income tax purposes of an
98 account holder, as defined in section 31-51ww, interest earned on
99 funds deposited in the individual development account, as defined in
100 section 31-51ww, of such account holder, (xvi) to the extent properly
101 includable in the gross income for federal income tax purposes of a
102 designated beneficiary, as defined in section 3-123aa, interest,
103 dividends or capital gains earned on contributions to accounts
104 established for the designated beneficiary pursuant to the Connecticut
105 Homecare Option Program for the Elderly established by sections 3-
106 123aa to 3-123ff, inclusive, (xvii) to the extent properly [included]
107 includable in gross income for federal income tax purposes, fifty per
108 cent of the income received from the United States government as
109 retirement pay for a retired member of (I) the Armed Forces of the
110 United States, as defined in Section 101 of Title 10 of the United States
111 Code, or (II) the National Guard, as defined in Section 101 of Title 10 of
112 the United States Code, (xviii) to the extent properly includable in
113 gross income for federal income tax purposes for the taxable year, any
114 income from the discharge of indebtedness in connection with any
115 reacquisition, after December 31, 2008, and before January 1, 2011, of

116 an applicable debt instrument or instruments, as those terms are
117 defined in Section 108 of the Internal Revenue Code, as amended by
118 Section 1231 of the American Recovery and Reinvestment Act of 2009,
119 to the extent any such income was added to federal adjusted gross
120 income pursuant to subparagraph (A)(x) of this subdivision in
121 computing Connecticut adjusted gross income for a preceding taxable
122 year; [and] (xix) to the extent not deductible in determining federal
123 adjusted gross income, the amount of any contribution to a
124 manufacturing reinvestment account established pursuant to section
125 32-9zz in the taxable year that such contribution is made; and (xx) to
126 the extent properly includable in gross income for federal income tax
127 purposes, for the taxable year commencing January 1, 2014, five per
128 cent of the amount received from defined benefit plans or annuities,
129 for the taxable year commencing January 1, 2015, seven and one-half
130 per cent of the amount received from defined benefit plans or
131 annuities and for the taxable year commencing January 1, 2016, and
132 each taxable year thereafter, ten per cent of the amount received from
133 defined benefit plans or annuities, provided such deduction shall be
134 allowable only to the following: (I) Any person whose adjusted gross
135 income is equal to or less than fifty thousand dollars and who files a
136 return under the federal income tax for such taxable year as an
137 unmarried individual, as a married individual filing separately or as a
138 trust or estate, (II) any person whose adjusted gross income is equal to
139 or less than eighty thousand dollars and who files a return under the
140 federal income tax for such taxable year as a head of household, and
141 (III) any persons whose adjusted gross income is equal to or less than
142 one hundred thousand dollars and who file a return under the federal
143 income tax for such taxable year as married individuals filing jointly or
144 who file a return under the federal income tax as a surviving spouse."

This act shall take effect as follows and shall amend the following sections:

Sec. 501	<i>from passage and applicable to taxable years commencing on or after January 1, 2014</i>	12-701(a)(20)(B)
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