



General Assembly

**Amendment**

February Session, 2014

LCO No. 4517

**\*SB0024904517SR0\***

Offered by:

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

SEN. KELLY, 21<sup>st</sup> Dist.  
SEN. KISSEL, 7<sup>th</sup> Dist.  
SEN. LINARES, 33<sup>rd</sup> Dist.  
SEN. MARKLEY, 16<sup>th</sup> Dist.  
SEN. MCLACHLAN, 24<sup>th</sup> Dist.  
SEN. WELCH, 31<sup>st</sup> Dist.  
SEN. WITKOS, 8<sup>th</sup> 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4 section 12-701 of the general statutes is repealed and the following is  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 provided such deduction shall be allowable only to the following: (I)  
130 Any person whose adjusted gross income is equal to or less than fifty  
131 thousand dollars and who files a return under the federal income tax  
132 for such taxable year as an unmarried individual, as a married  
133 individual filing separately or as a trust or estate, (II) any person  
134 whose adjusted gross income is equal to or less than eighty thousand  
135 dollars and who files a return under the federal income tax for such  
136 taxable year as a head of household, and (III) any persons whose  
137 adjusted gross income is equal to or less than one hundred thousand  
138 dollars and who file a return under the federal income tax for such  
139 taxable year as married individuals filing jointly or who file a return  
140 under the federal income tax as a surviving spouse. For taxable years  
141 commencing on and after January 1, 2015, two and one-half per cent  
142 shall be added in each taxable year to the per cent deductible in the  
143 previous taxable year, up to and including the taxable years  
144 commencing on and after January 1, 2052, when one hundred per cent  
145 of such amounts shall be deductible."

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)
----------	--	------------------