



General Assembly

January Session, 2015

**Raised Bill No. 6986**

LCO No. 4415



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:  
(FIN)

**AN ACT CONCERNING MINOR AND TECHNICAL CHANGES TO TITLE 12 OF THE GENERAL STATUTES.**

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

1 Section 1. Subdivision (19) of subsection (a) of section 12-407 of the  
2 general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective from passage*):

4 (19) "Occupancy" means the use or possession, or the right to the  
5 use or possession, of any room or rooms in a hotel or lodging house, or  
6 the right to the use or possession of the furnishings or the services and  
7 accommodations accompanying the use and possession of such room  
8 or rooms, for the first period of not [exceeding] more than thirty  
9 consecutive calendar days.

10 Sec. 2. Section 12-330h of the general statutes is repealed and the  
11 following is substituted in lieu thereof (*Effective from passage*):

12 When any property has been seized under the provisions of section  
13 12-330g, the commissioner may, at his discretion, after a hearing as

14 provided in section 12-330l, advertise such property for sale in a  
15 newspaper published or having a circulation in the town in which the  
16 seizure took place, at least five days before the sale. Any person  
17 claiming an interest in such property may make written application to  
18 the commissioner for a hearing, stating his interest in the property and  
19 his reasons why [it] the property should not be forfeited. Further  
20 proceedings on such application for hearing shall be taken as provided  
21 in sections 12-330l and 12-330m. No [sale of any] property may be sold  
22 under the provisions of section [12-330m shall be made] 12-330g while  
23 an application for a hearing is pending before the commissioner, but  
24 the pendency of an appeal under the provisions of section [12-330g] 12-  
25 330m shall not prevent the sale unless the appellant posts a satisfactory  
26 bond, with surety, in an amount double the estimated value of the  
27 property, conditioned upon the successful termination of the appeal.

28 Sec. 3. Subparagraph (B)(xviii) of subdivision (20) of subsection (a)  
29 of section 12-701 of the general statutes, as amended by section 50 of  
30 public act 14-47, is repealed and the following is substituted in lieu  
31 thereof (*Effective July 1, 2015*):

32 (B) There shall be subtracted therefrom (i) to the extent properly  
33 includable in gross income for federal income tax purposes, any  
34 income with respect to which taxation by any state is prohibited by  
35 federal law, (ii) to the extent allowable under section 12-718, exempt  
36 dividends paid by a regulated investment company, (iii) the amount of  
37 any refund or credit for overpayment of income taxes imposed by this  
38 state, or any other state of the United States or a political subdivision  
39 thereof, or the District of Columbia, to the extent properly includable  
40 in gross income for federal income tax purposes, (iv) to the extent  
41 properly includable in gross income for federal income tax purposes  
42 and not otherwise subtracted from federal adjusted gross income  
43 pursuant to clause (x) of this subparagraph in computing Connecticut  
44 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the  
45 extent any additional allowance for depreciation under Section 168(k)  
46 of the Internal Revenue Code, as provided by Section 101 of the Job

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

81 under the federal income tax as an unmarried individual whose  
82 federal adjusted gross income for such taxable year is less than fifty  
83 thousand dollars, or as a married individual filing separately whose  
84 federal adjusted gross income for such taxable year is less than fifty  
85 thousand dollars, or for a husband and wife who file a return under  
86 the federal income tax as married individuals filing jointly whose  
87 federal adjusted gross income for such taxable year is less than sixty  
88 thousand dollars or a person who files a return under the federal  
89 income tax as a head of household whose federal adjusted gross  
90 income for such taxable year is less than sixty thousand dollars, an  
91 amount equal to the Social Security benefits includable for federal  
92 income tax purposes; and (II) for a person who files a return under the  
93 federal income tax as an unmarried individual whose federal adjusted  
94 gross income for such taxable year is fifty thousand dollars or more, or  
95 as a married individual filing separately whose federal adjusted gross  
96 income for such taxable year is fifty thousand dollars or more, or for a  
97 husband and wife who file a return under the federal income tax as  
98 married individuals filing jointly whose federal adjusted gross income  
99 from such taxable year is sixty thousand dollars or more or for a  
100 person who files a return under the federal income tax as a head of  
101 household whose federal adjusted gross income for such taxable year  
102 is sixty thousand dollars or more, an amount equal to the difference  
103 between the amount of Social Security benefits includable for federal  
104 income tax purposes and the lesser of twenty-five per cent of the Social  
105 Security benefits received during the taxable year, or twenty-five per  
106 cent of the excess described in Section 86(b)(1) of the Internal Revenue  
107 Code, (xi) to the extent properly includable in gross income for federal  
108 income tax purposes, any amount rebated to a taxpayer pursuant to  
109 section 12-746, (xii) to the extent properly includable in the gross  
110 income for federal income tax purposes of a designated beneficiary,  
111 any distribution to such beneficiary from any qualified state tuition  
112 program, as defined in Section 529(b) of the Internal Revenue Code,  
113 established and maintained by this state or any official, agency or  
114 instrumentality of the state, (xiii) to the extent allowable under section

115 12-701a, contributions to accounts established pursuant to any  
116 qualified state tuition program, as defined in Section 529(b) of the  
117 Internal Revenue Code, established and maintained by this state or  
118 any official, agency or instrumentality of the state, (xiv) to the extent  
119 properly includable in gross income for federal income tax purposes,  
120 the amount of any Holocaust victims' settlement payment received in  
121 the taxable year by a Holocaust victim, (xv) to the extent properly  
122 includable in gross income for federal income tax purposes of an  
123 account holder, as defined in section 31-51ww, interest earned on  
124 funds deposited in the individual development account, as defined in  
125 section 31-51ww, of such account holder, (xvi) to the extent properly  
126 includable in the gross income for federal income tax purposes of a  
127 designated beneficiary, as defined in section 3-123aa, interest,  
128 dividends or capital gains earned on contributions to accounts  
129 established for the designated beneficiary pursuant to the Connecticut  
130 Homecare Option Program for the Elderly established by sections 3-  
131 123aa to 3-123ff, inclusive, (xvii) to the extent properly includable in  
132 gross income for federal income tax purposes, fifty per cent of the  
133 income received from the United States government as retirement pay  
134 for a retired member of (I) the Armed Forces of the United States, as  
135 defined in Section 101 of Title 10 of the United States Code, or (II) the  
136 National Guard, as defined in Section 101 of Title 10 of the United  
137 States Code, (xviii) to the extent properly includable in gross income  
138 for federal income tax purposes for the taxable year, any income from  
139 the discharge of indebtedness in connection with any reacquisition,  
140 after December 31, 2008, and before January 1, 2011, of an applicable  
141 debt instrument or instruments, as those terms are defined in Section  
142 108 of the Internal Revenue Code, as amended by Section 1231 of the  
143 American Recovery and Reinvestment Act of 2009, to the extent any  
144 such income was added to federal adjusted gross income pursuant to  
145 subparagraph [(A)(x)] (A)(xi) of this subdivision in computing  
146 Connecticut adjusted gross income for a preceding taxable year, (xix)  
147 to the extent not deductible in determining federal adjusted gross  
148 income, the amount of any contribution to a manufacturing

149 reinvestment account established pursuant to section 32-9zz in the  
150 taxable year that such contribution is made, and (xx) to the extent  
151 properly includable in gross income for federal income tax purposes,  
152 for the taxable year commencing January 1, 2015, ten per cent of the  
153 income received from the state teachers' retirement system, for the  
154 taxable year commencing January 1, 2016, twenty-five per cent of the  
155 income received from the state teachers' retirement system, and for the  
156 taxable year commencing January 1, 2017, and each taxable year  
157 thereafter, fifty per cent of the income received from the state teachers'  
158 retirement system.

159 Sec. 4. Subsection (d) of section 12-218d of the general statutes is  
160 repealed and the following is substituted in lieu thereof (*Effective from*  
161 *passage*):

162 (d) The adjustments required in subsection (b) of this section shall  
163 not apply if (1) the corporation establishes by clear and convincing  
164 evidence, as determined by the commissioner, that the adjustments are  
165 unreasonable, (2) the corporation and the commissioner agree in  
166 writing to the application or use of an alternative method of  
167 determining the combined measure of the tax, [provided] except that  
168 the Commissioner of Revenue Services shall consider approval of such  
169 petition only in the event that the petitioners have clearly established  
170 to the satisfaction of said commissioner that there are substantial  
171 intercorporate business transactions among such included  
172 corporations and that the proposed alternative method of determining  
173 the combined measure of the tax accurately reflects the activity,  
174 business, income or capital of the taxpayers within the state, or (3) the  
175 corporation elects, on forms authorized for such purpose by the  
176 commissioner, to calculate its tax on a unitary basis including all  
177 members of the unitary group, provided [that] there are substantial  
178 intercorporate business transactions among such included  
179 corporations. Such election to file on a unitary basis shall be  
180 irrevocable for and applicable for five successive income years.  
181 Nothing in this [subdivision] subsection shall be construed to limit or

182 negate the commissioner's authority to otherwise enter into  
183 agreements and compromises otherwise allowed by law.

184 Sec. 5. Subdivision (40) of section 12-412 of the general statutes is  
185 repealed and the following is substituted in lieu thereof (*Effective from*  
186 *passage*):

187 (40) (A) Sales of and the storage, use or other consumption of any  
188 vessel exclusively for use in commercial fishing and any machinery or  
189 equipment exclusively for use on a commercial fishing vessel by a  
190 fisherman engaged in commercial fishing as a trade or business and to  
191 whom the Department of Revenue Services has issued a fisherman tax  
192 exemption permit, provided (i) for the immediately preceding taxable  
193 year, or (ii) on average, for the two immediately preceding taxable  
194 years, not less than fifty per cent of the gross income of the purchaser,  
195 as reported for federal income tax purposes, [shall have been] was  
196 derived from commercial fishing, subject to proof satisfactory to the  
197 Commissioner of Revenue Services.

198 [(B) The commissioner shall adopt regulations, in accordance with  
199 the provisions of chapter 54, requiring periodic registration for  
200 purposes of the issuance of fisherman tax exemption permits,  
201 including (i) a procedure related to the application for such permit,  
202 which application shall include a declaration, in a form prescribed by  
203 the commissioner and bearing notice to the effect that false statements  
204 made in such declaration are punishable, to be signed by the applicant,  
205 and (ii) a form of notice concerning the penalty for misuse of such  
206 permit.]

207 [(C)] (B) (i) The Commissioner of Revenue Services may issue a  
208 fisherman tax exemption permit to an applicant, provided such  
209 applicant has satisfied the commissioner that the applicant intends to  
210 carry on commercial fishing as a trade or business for at least two  
211 years, notwithstanding the fact that the applicant was not engaged in  
212 commercial fishing as a trade or business in the immediately preceding

213 taxable year or, if the applicant was engaged in commercial fishing as a  
214 trade or business in such immediately preceding taxable year,  
215 notwithstanding the fact that, for such immediately preceding taxable  
216 year, or, on average, for the two immediately preceding taxable years,  
217 less than fifty per cent of the gross income of the applicant, as reported  
218 for federal income tax purposes, was derived from commercial fishing.

219 (ii) Such applicant shall be liable for the tax otherwise imposed,  
220 during the period commencing upon the issuance of the permit and  
221 ending two years after the date of issuance of the permit, if commercial  
222 fishing is not carried on as a trade or business by such applicant  
223 during such entire period.

224 (iii) Such applicant shall also be liable for the tax otherwise  
225 imposed, during the period commencing upon the issuance of the  
226 permit and ending two years after the date of issuance of the permit, if  
227 less than fifty per cent of the gross income of such applicant, as  
228 reported for federal income tax purposes, [shall have been] was  
229 derived from such commercial fishing for the immediately preceding  
230 taxable year, or, on average, for the two immediately preceding taxable  
231 years.

232 (iv) Any applicant liable for tax under clause (ii) or (iii) of this  
233 subparagraph shall not be eligible to be issued another permit under  
234 clause (i) of this subparagraph.

235 [(D)] (C) The Commissioner of Revenue Services may issue a  
236 fisherman tax exemption permit to an applicant, notwithstanding the  
237 fact that, in the applicant's immediately preceding taxable year, less  
238 than fifty per cent of the gross income of the applicant, as reported for  
239 federal income tax purposes, was derived from commercial fishing,  
240 provided (i) such applicant purchased, during the applicant's current  
241 or immediately preceding taxable year, a commercial fishing trade or  
242 business from a seller who was issued a fisherman tax exemption  
243 permit by said commissioner at the time of such purchase, and (ii) such

244 commercial fishing shall be carried on as a trade or business by such  
245 applicant during the period commencing upon the purchase and  
246 ending two years after the date of purchase. Such applicant shall be  
247 liable for the tax otherwise imposed, during the period commencing  
248 upon such purchase and ending two years after the date of purchase, if  
249 such applicant does not carry on such commercial fishing as a trade or  
250 business during the period commencing upon such purchase and  
251 ending two years after the date of purchase.

252 [(E)] (D) For purposes of this subdivision, "commercial fishing  
253 vessel" shall include any vessel with a certificate of documentation  
254 issued by the United States Coast Guard for coastwise fishery.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-407(a)(19)
Sec. 2	<i>from passage</i>	12-330h
Sec. 3	<i>July 1, 2015</i>	12-701(a)(20)(B)(xviii)
Sec. 4	<i>from passage</i>	12-218d(d)
Sec. 5	<i>from passage</i>	12-412(40)

**Statement of Purpose:**

To make technical and conforming changes for accuracy of reference and statutory consistency and eliminate the requirement that the commissioner adopt regulations requiring periodic registration for purposes of the issuance of fisherman tax exemption permits.

*[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.]*