



General Assembly

February Session, 2016

Raised Bill No. 5396

LCO No. 1925



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, 2016*) (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. Such home shall be bought or
8 leased in urban areas designated by the Commissioner of Housing for
9 purposes of the program. To be eligible for the program, a person shall
10 (1) graduate on or after January 1, 2017, from any such institution,
11 university or college, and (2) be personally liable for an amount equal
12 to or exceeding twenty thousand dollars in student loans.

13 (b) Any person meeting the qualifications set forth in subsection (a)
14 of this section may deduct up to ten per cent of their annual rental or
15 mortgage payments from their personal income tax liability, provided
16 no such deduction shall exceed one thousand two hundred dollars

17 annually.

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

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

34 Sec. 2. Subparagraph (B) of subdivision (20) of subsection (a) of
35 section 12-701 of the 2016 supplement to the general statutes is
36 repealed and the following is substituted in lieu thereof (*Effective July*
37 *1, 2016, and applicable to taxable years commencing on or after January 1,*
38 *2016*):

39 (B) There shall be subtracted therefrom (i) to the extent properly
40 includable in gross income for federal income tax purposes, any
41 income with respect to which taxation by any state is prohibited by
42 federal law, (ii) to the extent allowable under section 12-718, exempt
43 dividends paid by a regulated investment company, (iii) the amount of
44 any refund or credit for overpayment of income taxes imposed by this
45 state, or any other state of the United States or a political subdivision
46 thereof, or the District of Columbia, to the extent properly includable
47 in gross income for federal income tax purposes, (iv) to the extent
48 properly includable in gross income for federal income tax purposes

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

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

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

154 not deductible in determining federal adjusted gross income, the
 155 amount of any contribution to a manufacturing reinvestment account
 156 established pursuant to section 32-9zz in the taxable year that such
 157 contribution is made, [and] (xx) to the extent properly includable in
 158 gross income for federal income tax purposes, for the taxable year
 159 commencing January 1, 2015, ten per cent of the income received from
 160 the state teachers' retirement system, for the taxable year commencing
 161 January 1, 2016, twenty-five per cent of the income received from the
 162 state teachers' retirement system, and for the taxable year commencing
 163 January 1, 2017, and each taxable year thereafter, fifty per cent of the
 164 income received from the state teachers' retirement system, and (xxi) to
 165 the extent allowable under section 1 of this act, rental or mortgage
 166 payments by persons participating in the Young Professionals Urban
 167 Housing Incentive program established pursuant to section 1 of this
 168 act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	New section
Sec. 2	<i>July 1, 2016, and applicable to taxable years commencing on or after January 1, 2016</i>	12-701(a)(20)(B)

HSG

Joint Favorable C/R

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