



General Assembly

January Session, 2017

Raised Bill No. 7313

LCO No. 5689



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT IMPOSING A SURCHARGE ON INCOME DERIVED FROM INVESTMENT MANAGEMENT SERVICES.

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

1 Section 1. Section 12-700 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) There is hereby imposed on the Connecticut taxable income of
4 each resident of this state a tax:

5 (1) At the rate of four and one-half per cent of such Connecticut
6 taxable income for taxable years commencing on or after January 1,
7 1992, and prior to January 1, 1996.

8 (2) For taxable years commencing on or after January 1, 1996, but
9 prior to January 1, 1997, in accordance with the following schedule:

10 (A) For any person who files a return under the federal income tax
11 for such taxable year as an unmarried individual or as a married
12 individual filing separately:

T1	Connecticut Taxable Income	Rate of Tax
T2	Not over \$2,250	3.0%
T3	Over \$2,250	\$67.50, plus 4.5% of the
T4		excess over \$2,250

13 (B) For any person who files a return under the federal income tax
14 for such taxable year as a head of household, as defined in Section 2(b)
15 of the Internal Revenue Code:

T5	Connecticut Taxable Income	Rate of Tax
T6	Not over \$3,500	3.0%
T7	Over \$3,500	\$105.00, plus 4.5% of the
T8		excess over \$3,500

16 (C) For any husband and wife who file a return under the federal
17 income tax for such taxable year as married individuals filing jointly or
18 a person who files a return under the federal income tax as a surviving
19 spouse, as defined in Section 2(a) of the Internal Revenue Code:

T9	Connecticut Taxable Income	Rate of Tax
T10	Not over \$4,500	3.0%
T11	Over \$4,500	\$135.00, plus 4.5% of the
T12		excess over \$4,500

20 (D) For trusts or estates, the rate of tax shall be 4.5% of their
21 Connecticut taxable income.

22 (3) For taxable years commencing on or after January 1, 1997, but
23 prior to January 1, 1998, in accordance with the following schedule:

24 (A) For any person who files a return under the federal income tax
25 for such taxable year as an unmarried individual or as a married
26 individual filing separately:

T13	Connecticut Taxable Income	Rate of Tax
T14	Not over \$6,250	3.0%
T15	Over \$6,250	\$187.50, plus 4.5% of the
T16		excess over \$6,250

27 (B) For any person who files a return under the federal income tax
28 for such taxable year as a head of household, as defined in Section 2(b)
29 of the Internal Revenue Code:

T17	Connecticut Taxable Income	Rate of Tax
T18	Not over \$10,000	3.0%
T19	Over \$10,000	\$300.00, plus 4.5% of the
T20		excess over \$10,000

30 (C) For any husband and wife who file a return under the federal
31 income tax for such taxable year as married individuals filing jointly or
32 any person who files a return under the federal income tax for such
33 taxable year as a surviving spouse, as defined in Section 2(a) of the
34 Internal Revenue Code:

T21	Connecticut Taxable Income	Rate of Tax
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T22	Not over \$12,500	3.0%
T23	Over \$12,500	\$375.00, plus 4.5% of the
T24		excess over \$12,500

35 (D) For trusts or estates, the rate of tax shall be 4.5% of their
36 Connecticut taxable income.

37 (4) For taxable years commencing on or after January 1, 1998, but
38 prior to January 1, 1999, in accordance with the following schedule:

39 (A) For any person who files a return under the federal income tax
40 for such taxable year as an unmarried individual or as a married
41 individual filing separately:

T25	Connecticut Taxable Income	Rate of Tax
T26	Not over \$7,500	3.0%
T27	Over \$7,500	\$225.00, plus 4.5% of the
T28		excess over \$7,500

42 (B) For any person who files a return under the federal income tax
43 for such taxable year as a head of household, as defined in Section 2(b)
44 of the Internal Revenue Code:

T29	Connecticut Taxable Income	Rate of Tax
T30	Not over \$12,000	3.0%
T31	Over \$12,000	\$360.00, plus 4.5% of the
T32		excess over \$12,000

45 (C) For any husband and wife who file a return under the federal
46 income tax for such taxable year as married individuals filing jointly or

47 any person who files a return under the federal income tax for such
48 taxable year as a surviving spouse, as defined in Section 2(a) of the
49 Internal Revenue Code:

T33	Connecticut Taxable Income	Rate of Tax
T34	Not over \$15,000	3.0%
T35	Over \$15,000	\$450.00, plus 4.5% of the
T36		excess over \$15,000

50 (D) For trusts or estates, the rate of tax shall be 4.5% of their
51 Connecticut taxable income.

52 (5) For taxable years commencing on or after January 1, 1999, but
53 prior to January 1, 2003, in accordance with the following schedule:

54 (A) For any person who files a return under the federal income tax
55 for such taxable year as an unmarried individual or as a married
56 individual filing separately:

T37	Connecticut Taxable Income	Rate of Tax
T38	Not over \$10,000	3.0%
T39	Over \$10,000	\$300.00, plus 4.5% of the
T40		excess over \$10,000

57 (B) For any person who files a return under the federal income tax
58 for such taxable year as a head of household, as defined in Section 2(b)
59 of the Internal Revenue Code:

T41	Connecticut Taxable Income	Rate of Tax
T42	Not over \$16,000	3.0%
T43	Over \$16,000	\$480.00, plus 4.5% of the
T44		excess over \$16,000

60 (C) For any husband and wife who file a return under the federal
61 income tax for such taxable year as married individuals filing jointly or
62 any person who files a return under the federal income tax for such
63 taxable year as a surviving spouse, as defined in Section 2(a) of the
64 Internal Revenue Code:

T45	Connecticut Taxable Income	Rate of Tax
T46	Not over \$20,000	3.0%
T47	Over \$20,000	\$600.00, plus 4.5% of the
T48		excess over \$20,000

65 (D) For trusts or estates, the rate of tax shall be 4.5% of their
66 Connecticut taxable income.

67 (6) For taxable years commencing on or after January 1, 2003, but
68 prior to January 1, 2009, in accordance with the following schedule:

69 (A) For any person who files a return under the federal income tax
70 for such taxable year as an unmarried individual or as a married
71 individual filing separately:

T49	Connecticut Taxable Income	Rate of Tax
T50	Not over \$10,000	3.0%
T51	Over \$10,000	\$300.00, plus 5.0% of the

T52 excess over \$10,000

72 (B) For any person who files a return under the federal income tax
73 for such taxable year as a head of household, as defined in Section 2(b)
74 of the Internal Revenue Code:

T53	Connecticut Taxable Income	Rate of Tax
T54	Not over \$16,000	3.0%
T55	Over \$16,000	\$480.00, plus 5.0% of the
T56		excess over \$16,000

75 (C) For any husband and wife who file a return under the federal
76 income tax for such taxable year as married individuals filing jointly or
77 any person who files a return under the federal income tax for such
78 taxable year as a surviving spouse, as defined in Section 2(a) of the
79 Internal Revenue Code:

T57	Connecticut Taxable Income	Rate of Tax
T58	Not over \$20,000	3.0%
T59	Over \$20,000	\$600.00, plus 5.0% of the
T60		excess over \$20,000

80 (D) For trusts or estates, the rate of tax shall be 5.0% of the
81 Connecticut taxable income.

82 (7) For taxable years commencing on or after January 1, 2009, but
83 prior to January 1, 2011, in accordance with the following schedule:

84 (A) For any person who files a return under the federal income tax

85 for such taxable year as an unmarried individual:

T61	Connecticut Taxable Income	Rate of Tax
T62	Not over \$10,000	3.0%
T63	Over \$10,000 but not	\$300.00, plus 5.0% of the
T64	over \$500,000	excess over \$10,000
T65	Over \$500,000	\$24,800, plus 6.5% of the
T66		excess over \$500,000

86 (B) For any person who files a return under the federal income tax
 87 for such taxable year as a head of household, as defined in Section 2(b)
 88 of the Internal Revenue Code:

T67	Connecticut Taxable Income	Rate of Tax
T68	Not over \$16,000	3.0%
T69	Over \$16,000 but not	\$480.00, plus 5.0% of the
T70	over \$800,000	excess over \$16,000
T71	Over \$800,000	\$39,680, plus 6.5% of the
T72		excess over \$800,000

89 (C) For any husband and wife who file a return under the federal
 90 income tax for such taxable year as married individuals filing jointly or
 91 any person who files a return under the federal income tax for such
 92 taxable year as a surviving spouse, as defined in Section 2(a) of the
 93 Internal Revenue Code:

T73	Connecticut Taxable Income	Rate of Tax
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T74	Not over \$20,000	3.0%
T75	Over \$20,000 but not	\$600.00, plus 5.0% of the
T76	over \$1,000,000	excess over \$20,000
T77	Over \$1,000,000	\$49,600, plus 6.5% of the
T78		excess over \$1,000,000

94 (D) For any person who files a return under the federal income tax
 95 for such taxable year as a married individual filing separately:

T79	Connecticut Taxable Income	Rate of Tax
T80	Not over \$10,000	3.0%
T81	Over \$10,000 but not	\$300.00, plus 5.0% of the
T82	over \$500,000	excess over \$10,000
T83	Over \$500,000	\$24,800, plus 6.5% of the
T84		excess over \$500,000

96 (E) For trusts or estates, the rate of tax shall be 6.5% of the
 97 Connecticut taxable income.

98 (8) For taxable years commencing on or after January 1, 2011, but
 99 prior to January 1, 2015, in accordance with the following schedule:

100 (A) (i) For any person who files a return under the federal income
 101 tax for such taxable year as an unmarried individual:

T85	Connecticut Taxable Income	Rate of Tax
T86	Not over \$10,000	3.0%
T87	Over \$10,000 but not	\$300.00, plus 5.0% of the
T88	over \$50,000	excess over \$10,000
T89	Over \$50,000 but not	\$2,300, plus 5.5% of the

T90	over \$100,000	excess over \$50,000
T91	Over \$100,000 but not	\$5,050, plus 6.0% of the
T92	over \$200,000	excess over \$100,000
T93	Over \$200,000 but not	\$11,050, plus 6.5% of the
T94	over \$250,000	excess over \$200,000
T95	Over \$250,000	\$14,300, plus 6.70% of the
T96		excess over \$250,000

102 (ii) Notwithstanding the provisions of subparagraph (A)(i) of this
103 subdivision, for each taxpayer whose Connecticut adjusted gross
104 income exceeds fifty-six thousand five hundred dollars, the amount of
105 the taxpayer's Connecticut taxable income to which the three-per-cent
106 tax rate applies shall be reduced by one thousand dollars for each five
107 thousand dollars, or fraction thereof, by which the taxpayer's
108 Connecticut adjusted gross income exceeds said amount. Any such
109 amount of Connecticut taxable income to which, as provided in the
110 preceding sentence, the three-per-cent tax rate does not apply shall be
111 an amount to which the five-per-cent tax rate shall apply.

112 (iii) Each taxpayer whose Connecticut adjusted gross income
113 exceeds two hundred thousand dollars shall pay, in addition to the tax
114 computed under the provisions of subparagraphs (A)(i) and (A)(ii) of
115 this subdivision, an amount equal to seventy-five dollars for each five
116 thousand dollars, or fraction thereof, by which the taxpayer's
117 Connecticut adjusted gross income exceeds two hundred thousand
118 dollars, up to a maximum payment of two thousand two hundred fifty
119 dollars.

120 (B) (i) For any person who files a return under the federal income
121 tax for such taxable year as a head of household, as defined in Section
122 2(b) of the Internal Revenue Code:

T97	Connecticut Taxable Income	Rate of Tax
T98	Not over \$16,000	3.0%
T99	Over \$16,000 but not	\$480.00, plus 5.0% of the
T100	over \$80,000	excess over \$16,000
T101	Over \$80,000 but not	\$3,680, plus 5.5% of the
T102	over \$160,000	excess over \$80,000
T103	Over \$160,000 but not	\$8,080, plus 6.0% of the
T104	over \$320,000	excess over \$160,000
T105	Over \$320,000 but not	\$17,680, plus 6.5% of the
T106	over \$400,000	excess over \$320,000
T107	Over \$400,000	\$22,880, plus 6.70% of the
T108		excess over \$400,000

123 (ii) Notwithstanding the provisions of subparagraph (B)(i) of this
124 subdivision, for each taxpayer whose Connecticut adjusted gross
125 income exceeds seventy-eight thousand five hundred dollars, the
126 amount of the taxpayer's Connecticut taxable income to which the
127 three-per-cent tax rate applies shall be reduced by one thousand six
128 hundred dollars for each four thousand dollars, or fraction thereof, by
129 which the taxpayer's Connecticut adjusted gross income exceeds said
130 amount. Any such amount of Connecticut taxable income to which, as
131 provided in the preceding sentence, the three-per-cent tax rate does
132 not apply shall be an amount to which the five-per-cent tax rate shall
133 apply.

134 (iii) Each taxpayer whose Connecticut adjusted gross income
135 exceeds three hundred twenty thousand dollars shall pay, in addition
136 to the tax computed under the provisions of subparagraphs (B)(i) and
137 (B)(ii) of this subdivision, an amount equal to one hundred twenty
138 dollars for each eight thousand dollars, or fraction thereof, by which
139 the taxpayer's Connecticut adjusted gross income exceeds three
140 hundred twenty thousand dollars, up to a maximum payment of three
141 thousand six hundred dollars.

142 (C) (i) For any husband and wife who file a return under the federal
143 income tax for such taxable year as married individuals filing jointly or
144 any person who files a return under the federal income tax for such
145 taxable year as a surviving spouse, as defined in Section 2(a) of the
146 Internal Revenue Code:

T109	Connecticut Taxable Income	Rate of Tax
T110	Not over \$20,000	3.0%
T111	Over \$20,000 but not	\$600.00, plus 5.0% of the
T112	over \$100,000	excess over \$20,000
T113	Over \$100,000 but not	\$4,600, plus 5.5% of the
T114	over \$200,000	excess over \$100,000
T115	Over \$200,000 but not	\$10,100, plus 6.0% of the
T116	over \$400,000	excess over \$200,000
T117	Over \$400,000 but not	\$22,100, plus 6.5% of the
T118	over \$500,000	excess over \$400,000
T119	Over \$500,000	\$28,600, plus 6.70% of the
T120		excess over \$500,000
147		

148 (ii) Notwithstanding the provisions of subparagraph (C)(i) of this
149 subdivision, for each taxpayer whose Connecticut adjusted gross
150 income exceeds one hundred thousand five hundred dollars, the
151 amount of the taxpayer's Connecticut taxable income to which the
152 three-per-cent tax rate applies shall be reduced by two thousand
153 dollars for each five thousand dollars, or fraction thereof, by which the
154 taxpayer's Connecticut adjusted gross income exceeds said amount.
155 Any such amount of Connecticut taxable income to which, as provided
156 in the preceding sentence, the three-per-cent tax rate does not apply
157 shall be an amount to which the five-per-cent tax rate shall apply.

158 (iii) Each taxpayer whose Connecticut adjusted gross income

159 exceeds four hundred thousand dollars shall pay, in addition to the tax
160 computed under the provisions of subparagraphs (C)(i) and (C)(ii) of
161 this subdivision, an amount equal to one hundred fifty dollars for each
162 ten thousand dollars, or fraction thereof, by which the taxpayer's
163 Connecticut adjusted gross income exceeds four hundred thousand
164 dollars, up to a maximum payment of four thousand five hundred
165 dollars.

166 (D) (i) For any person who files a return under the federal income
167 tax for such taxable year as a married individual filing separately:

T121	Connecticut Taxable Income	Rate of Tax
T122	Not over \$10,000	3.0%
T123	Over \$10,000 but not	\$300.00, plus 5.0% of the
T124	over \$50,000	excess over \$10,000
T125	Over \$50,000 but not	\$2,300, plus 5.5% of the
T126	over \$100,000	excess over \$50,000
T127	Over \$100,000 but not	\$5,050, plus 6.0% of the
T128	over \$200,000	excess over \$100,000
T129	Over \$200,000 but not	\$11,050, plus 6.5% of the
T130	over \$250,000	excess over \$200,000
T131	Over \$250,000	\$14,300, plus 6.70% of the
T132		excess over \$250,000

168 (ii) Notwithstanding the provisions of subparagraph (D)(i) of this
169 subdivision, for each taxpayer whose Connecticut adjusted gross
170 income exceeds fifty thousand two hundred fifty dollars, the amount
171 of the taxpayer's Connecticut taxable income to which the three-per-
172 cent tax rate applies shall be reduced by one thousand dollars for each
173 two thousand five hundred dollars, or fraction thereof, by which the
174 taxpayer's Connecticut adjusted gross income exceeds said amount.

175 Any such amount of Connecticut taxable income to which, as provided
176 in the preceding sentence, the three-per-cent tax rate does not apply
177 shall be an amount to which the five-per-cent tax rate shall apply.

178 (iii) Each taxpayer whose Connecticut adjusted gross income
179 exceeds two hundred thousand dollars shall pay, in addition to the tax
180 computed under the provisions of subparagraphs (D)(i) and (D)(ii) of
181 this subdivision, an amount equal to seventy-five dollars for each five
182 thousand dollars, or fraction thereof, by which the taxpayer's
183 Connecticut adjusted gross income exceeds two hundred thousand
184 dollars, up to a maximum payment of two thousand two hundred fifty
185 dollars.

186 (E) For trusts or estates, the rate of tax shall be 6.70% of the
187 Connecticut taxable income.

188 (9) For taxable years commencing on or after January 1, 2015, in
189 accordance with the following schedule:

190 (A) (i) For any person who files a return under the federal income
191 tax for such taxable year as an unmarried individual:

T133	Connecticut Taxable Income	Rate of Tax
T134	Not over \$10,000	3.0%
T135	Over \$10,000 but not	\$300.00, plus 5.0% of the
T136	over \$50,000	excess over \$10,000
T137	Over \$50,000 but not	\$2,300, plus 5.5% of the
T138	over \$100,000	excess over \$50,000
T139	Over \$100,000 but not	\$5,050, plus 6.0% of the
T140	over \$200,000	excess over \$100,000
T141	Over \$200,000 but not	\$11,050, plus 6.5% of the
T142	over \$250,000	excess over \$200,000
T143	Over \$250,000 but not	\$14,300, plus 6.9% of the

T144	over \$500,000	excess over \$250,000
T145	Over \$500,000	\$31,550, plus 6.99% of the
T146		excess over \$500,000

192 (ii) Notwithstanding the provisions of subparagraph (A)(i) of this
193 subdivision, for each taxpayer whose Connecticut adjusted gross
194 income exceeds fifty-six thousand five hundred dollars, the amount of
195 the taxpayer's Connecticut taxable income to which the three-per-cent
196 tax rate applies shall be reduced by one thousand dollars for each five
197 thousand dollars, or fraction thereof, by which the taxpayer's
198 Connecticut adjusted gross income exceeds said amount. Any such
199 amount of Connecticut taxable income to which, as provided in the
200 preceding sentence, the three-per-cent tax rate does not apply shall be
201 an amount to which the five-per-cent tax rate shall apply.

202 (iii) Each taxpayer whose Connecticut adjusted gross income
203 exceeds two hundred thousand dollars shall pay, in addition to the tax
204 computed under the provisions of subparagraphs (A)(i) and (A)(ii) of
205 this subdivision, an amount equal to ninety dollars for each five
206 thousand dollars, or fraction thereof, by which the taxpayer's
207 Connecticut adjusted gross income exceeds two hundred thousand
208 dollars, up to a maximum payment of two thousand seven hundred
209 dollars.

210 (iv) Each taxpayer whose Connecticut adjusted gross income
211 exceeds five hundred thousand dollars shall pay, in addition to the tax
212 computed under the provisions of subparagraphs (A)(i), (A)(ii) and
213 (A)(iii) of this subdivision, an amount equal to fifty dollars for each
214 five thousand dollars, or fraction thereof, by which the taxpayer's
215 Connecticut adjusted gross income exceeds five hundred thousand
216 dollars, up to a maximum payment of four hundred fifty dollars.

217 (B) (i) For any person who files a return under the federal income
218 tax for such taxable year as a head of household, as defined in Section

219 2(b) of the Internal Revenue Code:

T147	Connecticut Taxable Income	Rate of Tax
T148	Not over \$16,000	3.0%
T149	Over \$16,000 but not	\$480.00, plus 5.0% of the
T150	over \$80,000	excess over \$16,000
T151	Over \$80,000 but not	\$3,680, plus 5.5% of the
T152	over \$160,000	excess over \$80,000
T153	Over \$160,000 but not	\$8,080, plus 6.0% of the
T154	over \$320,000	excess over \$160,000
T155	Over \$320,000 but not	\$17,680, plus 6.5% of the
T156	over \$400,000	excess over \$320,000
T157	Over \$400,000 but not	\$22,880, plus 6.9% of the
T158	over \$800,000	excess over \$400,000
T159	Over \$800,000	\$50,480, plus 6.99% of the
T160		excess over \$800,000

220 (ii) Notwithstanding the provisions of subparagraph (B)(i) of this
 221 subdivision, for each taxpayer whose Connecticut adjusted gross
 222 income exceeds seventy-eight thousand five hundred dollars, the
 223 amount of the taxpayer's Connecticut taxable income to which the
 224 three-per-cent tax rate applies shall be reduced by one thousand six
 225 hundred dollars for each four thousand dollars, or fraction thereof, by
 226 which the taxpayer's Connecticut adjusted gross income exceeds said
 227 amount. Any such amount of Connecticut taxable income to which, as
 228 provided in the preceding sentence, the three-per-cent tax rate does
 229 not apply shall be an amount to which the five-per-cent tax rate shall
 230 apply.

231 (iii) Each taxpayer whose Connecticut adjusted gross income
 232 exceeds three hundred twenty thousand dollars shall pay, in addition
 233 to the tax computed under the provisions of subparagraphs (B)(i) and

234 (B)(ii) of this subdivision, an amount equal to one hundred forty
 235 dollars for each eight thousand dollars, or fraction thereof, by which
 236 the taxpayer's Connecticut adjusted gross income exceeds three
 237 hundred twenty thousand dollars, up to a maximum payment of four
 238 thousand two hundred dollars.

239 (iv) Each taxpayer whose Connecticut adjusted gross income
 240 exceeds eight hundred thousand dollars shall pay, in addition to the
 241 tax computed under the provisions of subparagraphs (B)(i), (B)(ii) and
 242 (B)(iii) of this subdivision, an amount equal to eighty dollars for each
 243 eight thousand dollars, or fraction thereof, by which the taxpayer's
 244 Connecticut adjusted gross income exceeds eight hundred thousand
 245 dollars, up to a maximum payment of seven hundred twenty dollars.

246 (C) (i) For any husband and wife who file a return under the federal
 247 income tax for such taxable year as married individuals filing jointly or
 248 any person who files a return under the federal income tax for such
 249 taxable year as a surviving spouse, as defined in Section 2(a) of the
 250 Internal Revenue Code:

T161	Connecticut Taxable Income	Rate of Tax
T162	Not over \$20,000	3.0%
T163	Over \$20,000 but not	\$600.00, plus 5.0% of the
T164	over \$100,000	excess over \$20,000
T165	Over \$100,000 but not	\$4,600, plus 5.5% of the
T166	over \$200,000	excess over \$100,000
T167	Over \$200,000 but not	\$10,100, plus 6.0% of the
T168	over \$400,000	excess over \$200,000
T169	Over \$400,000 but not	\$22,100, plus 6.5% of the
T170	over \$500,000	excess over \$400,000
T171	Over \$500,000 but not	\$28,600, plus 6.9% of the
T172	over \$1,000,000	excess over \$500,00

T175	Connecticut Taxable Income	Rate of Tax
T176	Not over \$10,000	3.0%
T177	Over \$10,000 but not	\$300.00, plus 5.0% of the
T178	over \$50,000	excess over \$10,000
T179	Over \$50,000 but not	\$2,300, plus 5.5% of the
T180	over \$100,000	excess over \$50,000
T181	Over \$100,000 but not	\$5,050, plus 6.0% of the
T182	over \$200,000	excess over \$100,000
T183	Over \$200,000 but not	\$11,050, plus 6.5% of the
T184	over \$250,000	excess over \$200,000
T185	Over \$250,000 but not	\$14,300, plus 6.9% of the
T186	over \$500,000	excess over \$250,000
T187	Over \$500,000	\$31,550, plus 6.99% of the
T188		excess over \$500,000

278 (ii) Notwithstanding the provisions of subparagraph (D)(i) of this
279 subdivision, for each taxpayer whose Connecticut adjusted gross
280 income exceeds fifty thousand two hundred fifty dollars, the amount
281 of the taxpayer's Connecticut taxable income to which the three-per-
282 cent tax rate applies shall be reduced by one thousand dollars for each
283 two thousand five hundred dollars, or fraction thereof, by which the
284 taxpayer's Connecticut adjusted gross income exceeds said amount.
285 Any such amount of Connecticut taxable income to which, as provided
286 in the preceding sentence, the three-per-cent tax rate does not apply
287 shall be an amount to which the five-per-cent tax rate shall apply.

288 (iii) Each taxpayer whose Connecticut adjusted gross income
289 exceeds two hundred thousand dollars shall pay, in addition to the tax
290 computed under the provisions of subparagraphs (D)(i) and (D)(ii) of
291 this subdivision, an amount equal to ninety dollars for each five
292 thousand dollars, or fraction thereof, by which the taxpayer's
293 Connecticut adjusted gross income exceeds two hundred thousand
294 dollars, up to a maximum payment of two thousand seven hundred

295 dollars.

296 (iv) Each taxpayer whose Connecticut adjusted gross income
297 exceeds five hundred thousand dollars shall pay, in addition to the tax
298 computed under the provisions of subparagraphs (D)(i), (D)(ii) and
299 (D)(iii) of this subdivision, an amount equal to fifty dollars for each
300 five thousand dollars, or fraction thereof, by which the taxpayer's
301 Connecticut adjusted gross income exceeds five hundred thousand
302 dollars, up to a maximum payment of four hundred fifty dollars.

303 (E) For trusts or estates, the rate of tax shall be 6.99% of the
304 Connecticut taxable income.

305 (10) The provisions of this subsection shall apply to resident trusts
306 and estates and, wherever reference is made in this subsection to
307 residents of this state, such reference shall be construed to include
308 resident trusts and estates, provided any reference to a resident's
309 Connecticut adjusted gross income derived from sources without this
310 state or to a resident's Connecticut adjusted gross income shall be
311 construed, in the case of a resident trust or estate, to mean the resident
312 trust or estate's Connecticut taxable income derived from sources
313 without this state and the resident trust or estate's Connecticut taxable
314 income, respectively.

315 (b) There is hereby imposed on the Connecticut taxable income
316 derived from or connected with sources within this state of each
317 nonresident a tax which shall be the product of an amount equal to the
318 tax computed as if such nonresident were a resident, multiplied by a
319 fraction, the numerator of which is the nonresident's Connecticut
320 adjusted gross income derived from or connected with sources within
321 this state and the denominator of which is the nonresident's
322 Connecticut adjusted gross income, provided, if the nonresident's
323 Connecticut adjusted gross income is less than such nonresident's
324 Connecticut adjusted gross income derived from or connected with
325 sources within this state, (1) such nonresident's Connecticut adjusted

326 gross income derived from or connected with sources within this state,
327 reduced by the amount of the exemption provided in section 12-702,
328 shall be such nonresident's Connecticut taxable income derived from
329 or connected with sources within this state and shall be multiplied by
330 the tax rate specified in subsection (a) of this section for the purposes
331 of determining the tax pursuant to this section, and (2) such
332 nonresident's Connecticut adjusted gross income derived from or
333 connected with sources within this state shall be such nonresident's
334 Connecticut adjusted gross income for the purposes of determining the
335 credit pursuant to section 12-703. The provisions of this subsection
336 shall also apply to nonresident trusts and estates and, wherever
337 reference is made in this subsection to nonresidents of this state, such
338 reference shall be construed to include nonresident trusts and estates,
339 provided any reference to a nonresident's Connecticut adjusted gross
340 income derived from sources within this state or to a nonresident's
341 Connecticut adjusted gross income shall be construed, in the case of a
342 nonresident trust or estate, to mean the nonresident trust or estate's
343 Connecticut taxable income derived from sources within this state and
344 the nonresident trust or estate's Connecticut taxable income,
345 respectively.

346 (c) (1) There is hereby imposed on the Connecticut taxable income
347 derived from or connected with sources within this state of each part-
348 year resident a tax which shall be a product equal to the tax computed
349 as if such part-year resident were a resident, multiplied by a fraction,
350 the numerator of which is the part-year resident's Connecticut adjusted
351 gross income derived from or connected with sources within this state,
352 as described in subsection (a) of section 12-717, and the denominator of
353 which is the part-year resident's Connecticut adjusted gross income, as
354 described in subdivision (2) of this subsection, provided, if the part-
355 year resident's Connecticut adjusted gross income is less than such
356 part-year resident's Connecticut adjusted gross income derived from
357 or connected with sources within this state, (A) such part-year
358 resident's Connecticut adjusted gross income derived from or

359 connected with sources within this state, reduced by the amount of the
360 exemption provided in section 12-702, shall be such part-year
361 resident's Connecticut taxable income derived from or connected with
362 sources within this state and shall be multiplied by the tax rate
363 specified in subsection (a) of this section for the purposes of
364 determining the tax pursuant to this section, and (B) such part-year
365 resident's Connecticut adjusted gross income derived from or
366 connected with sources within this state shall be such part-year
367 resident's adjusted gross income for the purposes of determining the
368 credit pursuant to section 12-703. The provisions of this subsection
369 shall apply to part-year resident trusts and, wherever reference is
370 made in this subsection to part-year residents, such reference shall be
371 construed to include part-year resident trusts, provided any reference
372 to a part-year resident's Connecticut adjusted gross income derived
373 from sources within this state or a part-year resident's Connecticut
374 adjusted gross income shall be construed, in the case of a part-year
375 resident trust, to mean the part-year resident trust's Connecticut
376 taxable income derived from sources within this state and the part-
377 year resident trust's Connecticut taxable income, respectively.

378 (2) For purposes of subdivision (1) of this subsection and subsection
379 (a), the Connecticut adjusted gross income of a part-year resident (A)
380 changing his status from resident to nonresident shall be increased or
381 decreased, as the case may be, by the items accrued under subdivision
382 (1) of subsection (c) of section 12-717, to the extent not otherwise
383 includable in Connecticut adjusted gross income for the taxable year,
384 and (B) changing his status from nonresident to resident shall be
385 increased or decreased, as the case may be, by the items accrued under
386 subdivision (2) of subsection (c) of section 12-717, to the extent
387 included in Connecticut adjusted gross income for the taxable year.

388 (d) (1) In addition to the tax imposed under subsections (a) to (c),
389 inclusive, of this section, there shall be imposed a surcharge at the rate
390 of nineteen per cent on income derived from investment management
391 services during the taxable year. The surcharge shall (A) be applicable

392 to taxable years commencing January first of the year in which the
393 Commissioner of Revenue Services certifies that New Jersey, New
394 York and Massachusetts have enacted legislation substantially similar
395 to this subsection into law, and (B) cease to be applicable upon
396 certification by the commissioner that legislation substantially similar
397 to this subsection has been enacted by Congress and has become
398 operative.

399 (2) As used in this subsection, "investment management services"
400 means the provision of a substantial amount of any of the following
401 services to a partnership, an S corporation or other entity: (A) Advising
402 the partnership, corporation or other entity as to the advisability of
403 investing in, purchasing or selling a specified asset; (B) managing,
404 acquiring or disposing of a specified asset; (C) arranging financing
405 with respect to the acquisition of a specified asset; or (D) any activity in
406 support of any of the services described in subparagraphs (A) to (C),
407 inclusive, of this subdivision. Investment management services shall
408 not be deemed to be provided if at least eighty per cent of the average
409 fair market value of the specified assets of the partnership, an S
410 corporation or other entity during a taxable year consists of real
411 property. As used in this subdivision, "specified asset" means
412 securities, commodities, real property held for rental or investment,
413 interests in partnerships, or options or derivatives contracts.

414 [(d)] (e) The provisions of this chapter shall be applicable with
415 respect to any person, trust or estate. Whenever, in this chapter, "any
416 person" appears without "trust or estate", the reference to any person
417 shall be deemed to include any trust and any estate unless, in the
418 context of the particular provision, the reference to any person could
419 not be applicable in the case of a trust or in the case of an estate.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-700

Statement of Purpose:

To impose a nineteen per cent surcharge on income derived from investment management services, such surcharge to take effect upon certification by the Commissioner of Revenue Services of the enactment of substantially similar legislation by New Jersey, New York and Massachusetts.

[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.]