



General Assembly

Amendment

February Session, 2018

LCO No. 5867



Offered by:

SEN. FONFARA, 1st Dist.

SEN. FRANTZ, 36th Dist.

REP. ROJAS, 9th Dist.

To: Subst. Senate Bill No. 11

File No. 624

Cal. No. 385

**"AN ACT CONCERNING CONNECTICUT'S RESPONSE TO
FEDERAL TAX REFORM."**

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective from passage and applicable to taxable years*
4 *commencing on or after January 1, 2018*) (a) As used in this section and
5 section 2 of this act:

6 (1) "Partnership" has the same meaning as provided in Section
7 7701(a)(2) of the Internal Revenue Code, as defined in section 12-213 of
8 the general statutes, and regulations adopted thereunder.
9 "Partnership" includes a limited liability company that is treated as a
10 partnership for federal income tax purposes;

11 (2) "S corporation" means a corporation or a limited liability
12 company that is treated as an S corporation for federal income tax

13 purposes;

14 (3) "Affected business entity" means a partnership or an S
15 corporation, but does not include a publicly-traded partnership, as
16 defined in Section 7704(b) of the Internal Revenue Code, that has
17 agreed to file an annual return pursuant to section 12-726 of the
18 general statutes reporting the name, address, Social Security number
19 or federal employer identification number and such other information
20 required by the Commissioner of Revenue Services of each unitholder
21 whose distributive share of partnership income derived from or
22 connected with sources within this state was more than five hundred
23 dollars;

24 (4) "Member" means (A) a shareholder of an S corporation, (B) a
25 partner in (i) a general partnership, (ii) a limited partnership, or (iii) a
26 limited liability partnership, or (C) a member of a limited liability
27 company that is treated as a partnership or an S corporation for federal
28 income tax purposes; and

29 (5) "Taxable year" means the taxable year of an affected business
30 entity for federal income tax purposes.

31 (b) Each affected business entity that is required to file a return
32 under the provisions of section 12-726 of the general statutes, as
33 amended by this act, shall, on or before the fifteenth day of the third
34 month following the close of each taxable year, pay to the
35 commissioner a tax as determined under this section.

36 (c) The tax due under subsection (b) of this section shall equal (1)
37 (A) the separately and nonseparately computed items, as described in
38 Section 702(a) of the Internal Revenue Code with respect to a
39 partnership or Section 1366 of the Internal Revenue Code with respect
40 to an S corporation, of the affected business entity, to the extent
41 derived from or connected with sources within this state, as
42 determined under the provisions of chapter 229 of the general statutes,
43 (B) as increased or decreased by any modification described in section
44 12-701 of the general statutes, as amended by this act, that relates to an

45 item of the affected business entity's income, gain, loss or deduction, to
46 the extent derived from or connected with sources within this state, as
47 determined under the provisions of chapter 229 of the general statutes,
48 (2) multiplied by six and ninety-nine-hundredths per cent. If the
49 amount calculated under subdivision (1) of this subsection results in a
50 net loss, such net loss may be carried forward to succeeding taxable
51 years until fully used.

52 (d) If an affected business entity, the lower-tier entity, is a member
53 of another affected business entity, the upper-tier entity, the lower-tier
54 entity shall, when calculating the amount under subdivision (1) of
55 subsection (c) of this section, subtract its distributive share of income
56 or add its distributive share of loss from the upper-tier entity to the
57 extent that the income or loss was derived from or connected with
58 sources within this state.

59 (e) (1) A nonresident individual who is a member of an affected
60 business entity shall not be required to file an income tax return under
61 the provisions of chapter 229 of the general statutes for a taxable year
62 if, for such taxable year, the only source of income derived from or
63 connected with sources within this state for such member, or the
64 member and the member's spouse if a joint federal income tax return is
65 or shall be filed, is from one or more affected business entities and
66 such affected business entity or entities file and pay the tax due under
67 this section.

68 (2) The provisions of subdivision (1) of this subsection shall not
69 apply to a nonresident individual who is a member of an affected
70 business entity that elects to file its return on a combined basis under
71 subsection (j) of this section if such nonresident individual member's
72 tax under chapter 229 of the general statutes would not be fully
73 satisfied by the credit allowed to such individual under subparagraph
74 (A) of subdivision (1) of subsection (g) of this section.

75 (f) Each affected business entity shall report to each of its members,
76 for each taxable year, such member's direct pro rata share of the tax

77 imposed under this section on such affected business entity and
78 indirect pro rata share of the tax imposed on any upper-tier entity of
79 which such affected business entity is a member.

80 (g) (1) (A) Each person that is subject to the tax imposed under
81 chapter 229 of the general statutes and is a member of an affected
82 business entity shall be entitled to a credit against the tax imposed
83 under said chapter, other than the tax imposed under section 12-707 of
84 the general statutes. Such credit shall be in an amount equal to such
85 person's direct and indirect pro rata share of the tax paid under this
86 section by any affected business entity of which such person is a
87 member multiplied by ninety-three and one-hundredths per cent. If
88 the amount of the credit allowed pursuant to this subdivision exceeds
89 such person's tax liability for the tax imposed under said chapter, the
90 commissioner shall treat such excess as an overpayment and, except as
91 provided in section 12-739 or 12-742 of the general statutes, shall
92 refund the amount of such excess, without interest, to such person.

93 (B) Each person that is subject to the tax imposed under chapter 229
94 of the general statutes as a resident or a part-year resident of this state
95 and is a member of an affected business entity shall also be entitled to
96 a credit against the tax imposed under said chapter, other than the tax
97 imposed under section 12-707 of the general statutes, for such person's
98 direct and indirect pro rata share of taxes paid to another state of the
99 United States or the District of Columbia, on income of any affected
100 business entity of which such person is a member that is derived
101 therefrom, provided the taxes paid to another state of the United States
102 or the District of Columbia results from a tax that the commissioner
103 determines is substantially similar to the tax imposed under this
104 section. Any such credit shall be calculated in the manner prescribed
105 by the commissioner, which shall be consistent with the provisions of
106 section 12-704 of the general statutes.

107 (2) Each company that is subject to the tax imposed under chapter
108 208 of the general statutes and is a member of an affected business
109 entity shall be entitled to a credit against the tax imposed under said

110 chapter. Such credit shall be in an amount equal to such company's
111 direct and indirect pro rata share of the tax paid under this section by
112 any affected business entity of which such company is a member
113 multiplied by ninety-three and one-hundredths per cent. Such credit
114 shall be applied after all other credits are applied and shall not be
115 subject to the limits imposed under section 12-217zz of the general
116 statutes. Any credit that is not used in the income year during which
117 the affected business entity incurs the tax under this section shall be
118 carried forward to each of the succeeding income years by the
119 company until such credit is fully taken against the tax under chapter
120 208 of the general statutes.

121 (h) Upon the failure of any affected business entity to pay the tax
122 due under this section within thirty days of the due date, the
123 provisions of section 12-35 of the general statutes shall apply with
124 respect to the enforcement of this section and the collection of such tax.
125 The warrant therein provided for shall be signed by the commissioner
126 or an authorized agent of the commissioner. The amount of any such
127 tax, penalty and interest shall be a lien, from the last day of the last
128 month of the taxable year next preceding the due date of such tax until
129 discharged by payment, against all real estate of the taxpayer within
130 the state, and a certificate of such lien signed by the commissioner may
131 be recorded in the office of the clerk of any town in which such real
132 estate is situated, provided no such lien shall be effective as against
133 any bona fide purchaser or qualified encumbrancer of any interest in
134 any such property. When any tax with respect to which a lien has been
135 recorded under the provisions of this section has been satisfied, the
136 commissioner, upon request of any interested party, shall issue a
137 certificate discharging such lien, which certificate shall be recorded in
138 the same office in which the lien was recorded. Any action for the
139 foreclosure of such lien shall be brought by the Attorney General in the
140 name of the state in the superior court for the judicial district in which
141 the property subject to such lien is situated, or, if such property is
142 located in two or more judicial districts, in the superior court for any
143 one such judicial district, and the court may limit the time for

144 redemption or order the sale of such property or make such other or
145 further decree as it judges equitable.

146 (i) If any tax is not paid when due as provided in this section, there
147 shall be added to the amount of the tax interest at the rate of one per
148 cent per month or fraction thereof from the date the tax became due
149 until it is paid.

150 (j) (1) Any affected business entity subject to tax under this section
151 may elect to file a combined return together with one or more other
152 commonly-owned affected business entities subject to tax under this
153 section. Each affected business entity making such election shall
154 submit written notice of such election to file a combined return,
155 including the written consent of the other commonly-owned affected
156 business entities to such election, to the commissioner not later than
157 the due date, or if an extension of time to file has been requested and
158 granted, the extended due date, of the returns due from such entities.
159 An affected business entity shall submit such written notice and
160 consent for each taxable year such entity makes the election under this
161 subdivision. Each affected business entity electing to file a combined
162 return under this subdivision shall be jointly and severally liable for
163 the tax due under this section. For the purposes of this subdivision,
164 "commonly-owned" means that more than eighty per cent of the voting
165 control of an affected business entity is directly or indirectly owned by
166 a common owner or owners, either corporate or noncorporate.
167 Whether voting control is indirectly owned shall be determined in
168 accordance with Section 318 of the Internal Revenue Code.

169 (2) Except as provided in subdivision (5) of this subsection, affected
170 business entities that elect to file a combined return under subdivision
171 (1) of this subsection shall net the amounts each such entity calculates
172 under subdivision (1) of subsection (c) of this section after such
173 amounts are separately apportioned or allocated by each affected
174 business entity in accordance with this section.

175 (3) Affected business entities that elect to file a combined return

176 under subdivision (1) of this subsection shall report to the
177 commissioner the portion of the direct and indirect pro rata share of
178 the tax paid with the combined return that is allocated to each of their
179 members. Such report shall be filed with the combined return and the
180 allocation reported shall be irrevocable.

181 (4) The election made under this subsection shall not affect the
182 calculation of tax due under any other provision of the general statutes
183 other than with respect to the calculation of the credits under
184 subsection (g) of this section.

185 (5) Affected business entities that elect to file a combined return
186 under subdivision (1) of this subsection shall calculate their tax due in
187 accordance with subsection (c) of this section unless each such entity
188 elects under subsection (k) of this section to calculate its tax due on the
189 alternative basis under subsection (l) of this section. If such election is
190 made, the affected business entities shall net their alternative tax bases
191 instead of netting the amounts under subdivision (2) of this subsection.

192 (k) In lieu of calculating the tax due in accordance with subsection
193 (c) of this section, any affected business entity may elect to calculate
194 the tax due on the alternative basis under subsection (l) of this section.
195 An affected business entity making such election shall submit to the
196 commissioner written notice of such election not later than the due
197 date, or if an extension of time to file has been requested and granted,
198 the extended due date, of the return due from such entity. An affected
199 business entity shall submit such written notice for each taxable year
200 such entity makes the election under this subsection. The election
201 made under this subsection shall not affect the calculation of tax due
202 under any other provision of the general statutes other than with
203 respect to the calculation of the credits under subsection (g) of this
204 section.

205 (l) (1) The tax due from an affected business entity making the
206 election under subsection (k) of this section shall be equal to six and
207 ninety-nine-hundredths per cent multiplied by the alternative tax base.

208 The alternative tax base shall be equal to the resident portion of
209 unsourced income plus modified Connecticut source income.

210 (2) For the purposes of this subsection:

211 (A) "Resident portion of unsourced income" means unsourced
212 income multiplied by a percentage equal to the sum of the ownership
213 interests in the affected business entity owned by members who are
214 residents of this state, as defined in section 12-701 of the general
215 statutes, as amended by this act;

216 (B) "Unsourced income" means the separately and nonseparately
217 computed items, as described in Section 702(a) of the Internal Revenue
218 Code with respect to a partnership or Section 1366 of the Internal
219 Revenue Code with respect to an S corporation, of the affected
220 business entity, regardless of the location from which such item is
221 derived or connected, as increased or decreased by any modification
222 described in section 12-701 of the general statutes, as amended by this
223 act, that relates to an item of the affected business entity's income, gain,
224 loss or deduction, regardless of the location from which such item is
225 derived or connected, less (i) the amount determined under
226 subdivision (1) of subsection (c) of this section, determined without
227 regard to subsection (d) of this section, and (ii) the separately and
228 nonseparately computed items, as described in Section 702(a) of the
229 Internal Revenue Code, of the affected business entity, to the extent
230 derived from or connected with sources within another state that has
231 jurisdiction to subject the affected business entity to tax, as determined
232 under the provisions of chapter 229 of the general statutes, as
233 increased or decreased by any modification described in section 12-701
234 of the general statutes, as amended by this act, that relates to an item of
235 the affected business entity's income, gain or deduction, to the extent
236 derived from or connected with sources within another state that has
237 jurisdiction to subject the affected business entity to tax, as determined
238 under the provisions of chapter 229 of the general statutes; and

239 (C) "Modified Connecticut source income" means the amount

240 calculated under subdivision (1) of subsection (c) of this section
241 multiplied by a percentage equal to the sum of the ownership interests
242 in the affected business entity owned by members that are (i) subject to
243 tax under chapter 229 of the general statutes, or (ii) affected business
244 entities to the extent such entities are directly or indirectly owned by
245 persons subject to tax under chapter 229 of the general statutes. A
246 member that is an affected business entity shall be presumed to be
247 directly or indirectly owned by persons subject to tax under chapter
248 229 of the general statutes unless the affected business entity subject to
249 tax under this section can establish otherwise by clear and convincing
250 evidence to the satisfaction of the commissioner.

251 (m) The provisions of sections 12-723, 12-725 and 12-728 to 12-737,
252 inclusive, of the general statutes shall apply to the provisions of this
253 section in the same manner and with the same force and effect as if the
254 language of said sections had been incorporated in full into this section
255 and had expressly referred to the tax under this section, except to the
256 extent that any such provision is inconsistent with a provision of this
257 section.

258 Sec. 2. (NEW) (*Effective from passage and applicable to taxable years*
259 *commencing on or after January 1, 2018*) (a) As used in this section,
260 "required annual payment" means the lesser of (1) ninety per cent of
261 the tax under section 1 of this act that is reported on the return filed for
262 the taxable year or, if no return is filed, ninety per cent of the tax due
263 under section 1 of this act, or (2) if the preceding taxable year was a
264 taxable year of twelve months and the affected business entity filed a
265 return for such taxable year, one hundred per cent of the tax under
266 section 1 of this act that is reported on such return.

267 (b) (1) Each affected business entity required to pay the tax imposed
268 under section 1 of this act shall make the required annual payment
269 each taxable year, in four required estimated tax installments on the
270 following due dates: (A) For the first required installment, the fifteenth
271 day of the fourth month of the taxable year; (B) for the second required
272 installment, the fifteenth day of the sixth month of the taxable year; (C)

273 for the third required installment, the fifteenth day of the ninth month
274 of the taxable year, and (D) for the fourth required installment, the
275 fifteenth day of the first month of the next succeeding taxable year. An
276 affected business entity may elect to pay any required installment prior
277 to the specified due date. Except as provided in subdivision (2) of this
278 subsection, the amount of each required installment shall be twenty-
279 five per cent of the required annual payment.

280 (2) (A) For any required installment, if the affected business entity
281 establishes that its annualized income installment calculated pursuant
282 to subparagraph (B) of this subdivision is less than the amount
283 determined under subsection (a) of this section, the amount of such
284 required installment shall be the annualized income installment. Any
285 reduction in a required installment resulting pursuant to this
286 subdivision shall be recaptured by increasing the amount of the next
287 required installment by the amount of such reduction and by
288 increasing subsequent required installments to the extent such
289 reduction has not previously been recaptured under this subdivision.

290 (B) The annualized income installment is the amount by which (i)
291 the amount equal to the applicable percentage, as set forth in
292 subparagraph (C) of this subdivision, multiplied by the tax imposed
293 under section 1 of this act for the taxable year that would be due if
294 income subject to tax under said section for the months in the taxable
295 year ending before the due date of the installment was annualized, (ii)
296 exceeds the aggregate amount of any prior required installments for
297 the taxable year.

298 (C) For the purposes of subparagraph (B) of this subdivision, the
299 applicable percentages shall be as follows: (i) For the first required
300 installment, twenty-two and one-half per cent; (ii) for the second
301 required installment, forty-five per cent; (iii) for the third required
302 installment, sixty-seven and one-half per cent; and (iv) for the fourth
303 required installment, ninety per cent.

304 (c) (1) Except as otherwise provided in this section, in the case of

305 any underpayment of estimated tax by an affected business entity,
306 there shall be added to the tax imposed under section 1 of this act an
307 amount determined by applying interest (A) at the rate of one per cent
308 per month or fraction thereof, (B) to the amount of the underpayment,
309 (C) for the period of the underpayment.

310 (2) For the purposes of subdivision (1) of this subsection, (A) the
311 amount of the underpayment is the amount by which the required
312 installment exceeds the amount, if any, of the installment paid on or
313 before the due date of the installment, and (B) the period of the
314 underpayment runs from the due date of the installment to whichever
315 date is earlier: (i) The fifteenth day of the third month of the next
316 succeeding taxable year, or (ii) with respect to any portion of the
317 underpayment, the date on which such portion is paid. Any payment
318 of estimated tax under this section shall be credited against unpaid or
319 underpaid required installments in the order in which such
320 installments are required to be paid.

321 (d) Payment of the estimated tax under this section or any required
322 installment thereof shall be considered payment on account of the tax
323 imposed under section 1 of this act for the taxable year.

324 (e) For taxable years of less than twelve months, the provisions of
325 this section shall apply in a manner consistent with the regulations
326 adopted under chapter 229 of the general statutes pertaining to such
327 taxable years.

328 Sec. 3. Subdivision (1) of subsection (b) of section 12-719 of the 2018
329 supplement to the general statutes is repealed and the following is
330 substituted in lieu thereof (*Effective from passage*):

331 (b) (1) (A) The provisions of this subsection shall not apply to
332 taxable years commencing on or after January 1, 2018.

333 (B) With respect to each of its nonresident partners, each
334 partnership doing business in this state or having income derived from
335 or connected with sources within this state shall, for each taxable year,

336 make payment to the commissioner as provided in subdivision (2) of
337 this subsection.

338 Sec. 4. Subdivision (1) of subsection (c) of section 12-719 of the 2018
339 supplement to the general statutes is repealed and the following is
340 substituted in lieu thereof (*Effective from passage*):

341 (c) (1) (A) The provisions of this subsection shall not apply to
342 taxable years commencing on or after January 1, 2018.

343 (B) With respect to each of its nonresident shareholders, each S
344 corporation doing business in this state or having income derived from
345 or connected with sources within this state shall, for each taxable year,
346 make payment to the commissioner as provided in subdivision (2) of
347 this subsection.

348 Sec. 5. Section 12-726 of the general statutes is repealed and the
349 following is substituted in lieu thereof (*Effective from passage and*
350 *applicable to taxable years commencing on or after January 1, 2018*):

351 (a) Each partnership doing business in this state or having any
352 income derived from or connected with sources within this state,
353 determined in accordance with the provisions of this chapter, shall
354 make a return for the taxable year setting forth all items of income,
355 gain, loss and deduction, and the name, address and Social Security or
356 federal employer identification number of each partner, whether or not
357 a resident of this state, the amount of each partner's distributive share
358 of (1) such partnership's separately and nonseparately computed
359 items, as described in Section 702(a) of the Internal Revenue Code, (2)
360 any modification described in section 12-701, as amended by this act,
361 which relates to an item of such partnership's income, gain, loss or
362 deduction, (3) such partnership's separately and nonseparately
363 computed items, as described in Section 702(a) of the Internal Revenue
364 Code, to the extent derived from or connected with sources within this
365 state, as determined under this chapter, [and] (4) any modification
366 described in section 12-701, as amended by this act, which relates to an
367 item of such partnership's income, gain, loss or deduction, to the extent

368 derived from or connected with sources within this state, as
369 determined under this chapter, and (5) the direct pro rata share of the
370 tax imposed on the partnership under section 1 of this act and the
371 indirect pro rata share of the tax imposed on any upper-tier entity
372 under section 1 of this act, and such other pertinent information as the
373 Commissioner of Revenue Services may prescribe by regulations and
374 instructions. Such return shall be filed on or before the fifteenth day of
375 the [fourth] third month following the close of each taxable year. The
376 partnership shall, on or before the day on which such return is filed,
377 furnish to each person who was a partner during the taxable year a
378 copy of such information as shown on the return. By way of example
379 and not of limitation, and for purposes of this section, [and section 12-
380 719,] a partnership that has a substantial economic presence within this
381 state, as evidenced by a purposeful direction of business toward this
382 state, examined in light of the frequency, quantity and systematic
383 nature of the partnership's economic contacts with this state, without
384 regard to physical presence, shall, to the extent permitted by the
385 Constitution of the United States, be considered to be doing business
386 in this state.

387 (b) Each S corporation doing business in this state or having any
388 income derived from or connected with sources within this state,
389 determined in accordance with the provisions of this chapter, shall
390 make a return for the taxable year setting forth all items of income,
391 gain, loss and deduction, and the name, address and Social Security or
392 federal employer identification number of each shareholder, whether
393 or not a resident of this state, the amount of each shareholder's pro rata
394 share of (1) such S corporation's separately and nonseparately
395 computed items, as described in Section 1366 of the Internal Revenue
396 Code, (2) any modification described in section 12-701, as amended by
397 this act, which relates to an item of such S corporation's income, gain,
398 loss or deduction, (3) such S corporation's separately and
399 nonseparately computed items, as described in Section 1366 of the
400 Internal Revenue Code, to the extent derived from or connected with
401 sources within this state, as determined under this chapter, [and] (4)

402 any modification described in section 12-701, as amended by this act,
403 which relates to an item of such S corporation's income, gain, loss or
404 deduction, to the extent derived from or connected with sources within
405 this state, as determined under this chapter, and (5) the direct pro rata
406 share of the tax imposed on the S corporation under section 1 of this
407 act and the indirect pro rata share of the tax imposed on any upper-tier
408 entity under section 1 of this act, and such other pertinent information
409 as the Commissioner of Revenue Services may prescribe by regulations
410 and instructions. Such return shall be filed on or before the fifteenth
411 day of the [fourth] third month following the close of each taxable
412 year. The S corporation shall, on or before the day on which such
413 return is filed, furnish to each person who was a shareholder during
414 the taxable year a copy of such information as shown on the return. By
415 way of example and not of limitation, and for purposes of this section,
416 [and section 12-719,] an S corporation that has a substantial economic
417 presence within this state, as evidenced by a purposeful direction of
418 business toward this state, examined in light of the frequency, quantity
419 and systematic nature of the S corporation's economic contacts with
420 this state, without regard to physical presence, shall, to the extent
421 permitted by the Constitution of the United States, be considered to be
422 doing business in this state.

423 Sec. 6. Subsection (b) of section 12-733 of the general statutes is
424 repealed and the following is substituted in lieu thereof (*Effective from*
425 *passage and applicable to taxable years commencing on or after January 1,*
426 *2018*):

427 (b) (1) If the taxpayer omits from Connecticut adjusted gross
428 income, in the case of an individual, or from Connecticut taxable
429 income, in the case of a trust or estate, an amount properly includable
430 therein which is in excess of twenty-five per cent of the amount of
431 Connecticut adjusted gross income or Connecticut taxable income, as
432 the case may be, stated in the return, a notice of a proposed deficiency
433 assessment may be mailed to the taxpayer not later than six years after
434 the date on which the return is filed. For purposes of this subdivision,
435 there shall not be taken into account any amount which is omitted in

436 the return if such amount is disclosed in the return, or in a statement
437 attached to the return, in a manner adequate to apprise the
438 Commissioner of Revenue Services of the nature and the amount of
439 such item.

440 (2) If the taxpayer omits from the Connecticut adjusted gross income
441 derived from or connected with sources within this state, in the case of
442 a nonresident individual or part-year resident individual, or from
443 Connecticut taxable income derived from or connected with sources
444 within this state, in the case of a nonresident trust or estate of part-year
445 resident trust, an amount properly includable therein which is in
446 excess of twenty-five per cent of the amount of Connecticut adjusted
447 gross income derived from or connected with sources within this state
448 or Connecticut taxable income derived from or connected with sources
449 within this state, as the case may be, stated in the return, a notice of a
450 proposed deficiency assessment may be mailed to the taxpayer not
451 later than six years after the date on which the return is filed. For
452 purposes of this subdivision, there shall not be taken into account any
453 amount which is omitted in the return if such amount is disclosed in
454 the return, or in a statement attached to the return, in a manner
455 adequate to apprise the commissioner of the nature and the amount of
456 such item.

457 (3) If an employer, as defined in section 12-707, omits from
458 Connecticut wages an amount properly includable that is in excess of
459 twenty-five per cent of the amount of Connecticut wages stated in the
460 Connecticut withholding tax return required under section 12-707, a
461 notice of a proposed deficiency assessment may be mailed to the
462 employer not later than six years after the date on which the return is
463 filed. For purposes of this subdivision, there shall not be taken into
464 account any amount which is omitted in the return if such amount is
465 disclosed in the return, or in a statement attached to the return, in a
466 manner adequate to apprise the commissioner of the nature and the
467 amount of such item.

468 (4) If [a pass-through entity, as defined in subparagraph (D) of

469 subdivision (2) of subsection (b) of section 12-719] an affected business
470 entity, as defined in section 1 of this act, omits from the Connecticut
471 adjusted gross income derived from or connected with sources within
472 Connecticut of any [nonresident individual who is a] member of such
473 [pass-through] affected business entity an amount properly includable
474 therein [which] that is in excess of twenty-five per cent of the amount
475 of Connecticut adjusted gross income derived from or connected with
476 sources within Connecticut stated in the return required under section
477 1 of this act, a notice of a proposed deficiency assessment may be
478 mailed to the taxpayer not later than six years after the date on which
479 the return is filed. For purposes of this subdivision, there shall not be
480 taken into account any amount [which] that is omitted in the return if
481 such amount is disclosed in the return, or in a statement attached to
482 the return, in a manner adequate to apprise the commissioner of the
483 nature and the amount of such item.

484 Sec. 7. Subsection (a) of section 4-30a of the 2018 supplement to the
485 general statutes is repealed and the following is substituted in lieu
486 thereof (*Effective from passage*):

487 (a) All revenue in excess of three billion one hundred fifty million
488 dollars received by the state each fiscal year from estimated and final
489 payments of the personal income tax imposed under chapter 229 and
490 the affected business entity tax imposed under section 1 of this act
491 shall be transferred by the Treasurer to a special fund to be known as
492 the Budget Reserve Fund.

493 Sec. 8. Subdivision (1) of subsection (aa) of section 3-20 of the 2018
494 supplement to the general statutes is repealed and the following is
495 substituted in lieu thereof (*Effective May 15, 2018*):

496 (aa) (1) For each fiscal year during which general obligation bonds
497 or credit revenue bonds issued on and after May 15, 2018, and prior to
498 July 1, 2020, shall be outstanding, the state of Connecticut shall comply
499 with the provisions of (A) section 4-30a of the general statutes, revision
500 of 1958, revised to January 1, 2017, as amended by section 704 of public

501 act 17-2 of the June special session and section 7 of this act, (B) section
502 2-33c in effect on October 31, 2017, (C) section 2-33a of the general
503 statutes, revision of 1958, revised to January 1, 2017, as amended by
504 section 709 of public act 17-2 of the June special session, (D)
505 subsections (d) and (g) of this section, revision of 1958, revised to
506 January 1, 2017, as amended by sections 710 and 711 of public act 17-2
507 of the June special session, and (E) section 3-21 of the general statutes,
508 revision of 1958, revised to January 1, 2017, as amended by section 712
509 of public act 17-2 of the June special session. The state of Connecticut
510 does hereby pledge to and agree with the holders of any bonds, notes
511 and other obligations issued pursuant to subdivision (2) of this
512 subsection that no public or special act of the General Assembly taking
513 effect on or after May 15, 2018, and prior to July 1, 2028, shall alter the
514 obligation to comply with the provisions of the sections and
515 subsections set forth in subparagraphs (A) to (E), inclusive, of this
516 subdivision, until such bonds, notes or other obligations, together with
517 the interest thereon, are fully met and discharged, provided nothing in
518 this subsection shall preclude such alteration (i) if and when adequate
519 provision shall be made by law for the protection of the holders of
520 such bonds, or (ii) (I) if and when the Governor declares an emergency
521 or the existence of extraordinary circumstances, in which the
522 provisions of section 4-85 are invoked, (II) at least three-fifths of the
523 members of each chamber of the General Assembly vote to alter such
524 required compliance during the fiscal year for which the emergency or
525 existence of extraordinary circumstances are determined, and (III) any
526 such alteration is for the fiscal year in progress only.

527 Sec. 9. Section 3-114g of the general statutes is repealed and the
528 following is substituted in lieu thereof (*Effective from passage*):

529 At the end of each fiscal year, commencing with the fiscal year
530 ending on June 30, 1990, the Comptroller is authorized to record as
531 revenue for such fiscal year [.] the amount of revenue related to the tax
532 imposed under chapter 208 and section 1 of this act for such fiscal year
533 which is received by the Commissioner of Revenue Services not later
534 than five business days after the [August fifteenth] last day of July

535 immediately following the end of such fiscal year.

536 Sec. 10. (NEW) (*Effective July 1, 2018*) (a) As used in this section: (1)
537 "Residential property" means (A) a building containing three or fewer
538 dwelling units used for human habitation, the parcel of land on which
539 such building is situated and any accessory buildings or other
540 improvements located on such parcel, (B) a condominium, as defined
541 in section 47-68a of the general statutes, that is used for residential
542 purposes, or (C) a common interest community, as defined in section
543 47-202 of the general statutes; (2) "community supporting
544 organization" means an organization that is (A) exempt from taxation
545 pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, or
546 any subsequent corresponding internal revenue code of the United
547 States, as amended from time to time, and (B) organized solely to
548 support municipal expenditures for public programs and services,
549 including public education; and (3) "municipality" means any town,
550 city or borough, consolidated town and city or consolidated town and
551 borough.

552 (b) (1) Upon approval, on or before October first of each year, by a
553 municipality's legislative body, or in any town in which the legislative
554 body is a town meeting, by the board of selectmen, any municipality
555 may provide a residential property tax credit for the following fiscal
556 year in accordance with the provisions of this section. The
557 municipality shall determine the amount of such tax credit, except that
558 such amount shall not exceed the lesser of (A) the amount of property
559 tax owed, or (B) eighty-five per cent of the amount of voluntary,
560 unrestricted and irrevocable cash donations made by or on behalf of
561 the owner of a residential property located in the municipality to a
562 community supporting organization during the calendar year
563 preceding the year in which an application for such tax credit is filed.
564 The municipality may include in any such approval a residency
565 requirement or other requirement the municipality deems necessary or
566 desirable. Any grant amounts received by a municipality from the
567 designated community supporting organization pursuant to
568 subsection (c) of this section shall be subject to municipal

569 appropriation and expenditure.

570 (2) Upon approval of a tax credit under subdivision (1) of this
571 subsection, the owner of a residential property located in the
572 municipality or a person on behalf of such owner may make a
573 voluntary, unrestricted and irrevocable cash donation or donations to
574 the community supporting organization designated pursuant to
575 subsection (c) of this section.

576 (c) Any municipality that approves a tax credit pursuant to
577 subdivision (1) of subsection (b) of this section shall designate a single
578 community supporting organization to receive cash donations that will
579 qualify for such tax credit. The chief executive officer of such
580 municipality shall enter into an agreement with such designated
581 community supporting organization that requires (1) the designated
582 community supporting organization to only accept voluntary,
583 unrestricted and irrevocable cash donations, (2) community
584 supporting organization to provide, on or after July first but not later
585 than July thirty-first of each fiscal year for which the tax credit has
586 been approved, a grant to the municipality in an amount equal to all
587 cash donations received during the prior fiscal year and a written
588 statement of all cash donations received during such prior fiscal year,
589 including the name and residential address of each donor, the name
590 and residential address of the owner of the residential property if the
591 donation was made on behalf of such owner and the date each such
592 donation was received, (3) the municipality to provide, not later than
593 December thirty-first following the close of a fiscal year in which the
594 community supporting organization paid a grant to the municipality
595 pursuant to subdivision (2) of this subsection, a written statement to
596 the designated community supporting organization of the municipal
597 programs and services supported by such grant, (4) the municipality to
598 serve as the administrative and fiscal agent for the designated
599 community supporting organization. The municipality may retain and
600 expend an amount of not more than fifteen per cent of the total amount
601 of the grant received during a fiscal year as the reasonable costs of
602 providing such service as the administrative and fiscal agent, and (5)

603 the designated community supporting organization to provide a
604 contemporaneous written receipt to a donor of a voluntary,
605 unrestricted and irrevocable cash donation.

606 (d) (1) A taxpayer that has made a voluntary, unrestricted and
607 irrevocable cash donation pursuant to subdivision (2) of subsection (b)
608 of this section may file an application for the tax credit under this
609 section with the tax collector of the municipality in which the
610 residential property is located. No tax credit under this section shall be
611 allowed unless the taxpayer or an authorized agent of the taxpayer
612 files the application on or after January first and prior to April second
613 prior to the fiscal year for which such tax credit is being claimed.

614 (2) Each such applicant shall include evidence satisfactory to the tax
615 collector of the total amount of such donations made during the
616 preceding calendar year to a community supporting organization and
617 an affidavit, on a form prescribed by the Secretary of the Office of
618 Policy and Management, affirming that such donations were made in
619 cash and were voluntary, unrestricted and irrevocable.

620 (e) Upon the receipt of all information required under subsection (d)
621 of this section, the tax collector shall apply the residential property tax
622 credit, subject to any limitations set forth by the municipality in the
623 authorizing ordinance, to the residential property tax due and payable
624 for the fiscal year for which the application was received.

625 (f) No taxpayer may use a cash donation made pursuant to
626 subdivision (2) of subsection (b) of this section to claim a tax credit
627 with respect to more than one fiscal year. Any taxpayer who
628 knowingly submits a false record or knowingly makes a false affidavit
629 to claim the tax credit under this section shall be fined not more than
630 five hundred dollars and shall refund to the municipality the entire
631 amount of the tax credit improperly received.

632 Sec. 11. Subparagraphs (A) and (B) of subdivision (20) of subsection
633 (a) of section 12-701 of the 2018 supplement to the general statutes are
634 repealed and the following is substituted in lieu thereof (*Effective from*

635 *passage and applicable to taxable years commencing on or after January 1,*
636 *2017):*

637 (20) "Connecticut adjusted gross income" means adjusted gross
638 income, with the following modifications:

639 (A) There shall be added thereto:

640 (i) [~~to~~] To the extent not properly includable in gross income for
641 federal income tax purposes, any interest income from obligations
642 issued by or on behalf of any state, political subdivision thereof, or
643 public instrumentality, state or local authority, district or similar public
644 entity, exclusive of such income from obligations issued by or on
645 behalf of the state of Connecticut, any political subdivision thereof, or
646 public instrumentality, state or local authority, district or similar public
647 entity created under the laws of the state of Connecticut and exclusive
648 of any such income with respect to which taxation by any state is
649 prohibited by federal law; [.]

650 (ii) [~~any~~] Any exempt-interest dividends, as defined in Section
651 852(b)(5) of the Internal Revenue Code, exclusive of such exempt-
652 interest dividends derived from obligations issued by or on behalf of
653 the state of Connecticut, any political subdivision thereof, or public
654 instrumentality, state or local authority, district or similar public entity
655 created under the laws of the state of Connecticut and exclusive of
656 such exempt-interest dividends derived from obligations, the income
657 with respect to which taxation by any state is prohibited by federal
658 law; [.]

659 (iii) [~~any~~] Any interest or dividend income on obligations or
660 securities of any authority, commission or instrumentality of the
661 United States which federal law exempts from federal income tax but
662 does not exempt from state income taxes; [.]

663 (iv) [~~to~~] To the extent included in gross income for federal income
664 tax purposes for the taxable year, the total taxable amount of a lump
665 sum distribution for the taxable year deductible from such gross

666 income in calculating federal adjusted gross income; [,]

667 (v) [to] To the extent properly includable in determining the net
668 gain or loss from the sale or other disposition of capital assets for
669 federal income tax purposes, any loss from the sale or exchange of
670 obligations issued by or on behalf of the state of Connecticut, any
671 political subdivision thereof, or public instrumentality, state or local
672 authority, district or similar public entity created under the laws of the
673 state of Connecticut, in the income year such loss was recognized; [,]

674 (vi) [to] To the extent deductible in determining federal adjusted
675 gross income, any income taxes imposed by this state; [,]

676 (vii) [to] To the extent deductible in determining federal adjusted
677 gross income, any interest on indebtedness incurred or continued to
678 purchase or carry obligations or securities the interest on which is
679 exempt from tax under this chapter; [,]

680 (viii) [expenses] Expenses paid or incurred during the taxable year
681 for the production or collection of income which is exempt from
682 taxation under this chapter or the management, conservation or
683 maintenance of property held for the production of such income, and
684 the amortizable bond premium for the taxable year on any bond the
685 interest on which is exempt from tax under this chapter to the extent
686 that such expenses and premiums are deductible in determining
687 federal adjusted gross income; [,]

688 (ix) [for] For property placed in service after [September 10, 2001,
689 but prior to September 11, 2004, in taxable years ending after
690 September 10, 2001] September 27, 2017, any additional allowance for
691 depreciation under subsection (k) of Section 168 of the Internal
692 Revenue Code, [as provided by Section 101 of the Job Creation and
693 Worker Assistance Act of 2002,] to the extent deductible in
694 determining federal adjusted gross income; [,]

695 (x) [to] To the extent deductible in determining federal adjusted
696 gross income, the deduction allowable as qualified domestic

697 production activities income, pursuant to Section 199 of the Internal
698 Revenue Code; []

699 (xi) [to] To the extent not properly includable in gross income for
700 federal income tax purposes for the taxable year, any income from the
701 discharge of indebtedness, in taxable years ending after December 31,
702 2008, in connection with any reacquisition, after December 31, 2008,
703 and before January 1, 2011, of an applicable debt instrument or
704 instruments, as those terms are defined in Section 108 of the Internal
705 Revenue Code, as amended by Section 1231 of the American Recovery
706 and Reinvestment Act of 2009, the inclusion of which income in federal
707 gross income for the taxable year is deferred, as provided by said
708 Section 1231; []

709 (xii) [to] To the extent not properly includable in gross income for
710 federal income tax purposes, an amount equal to (I) any distribution
711 from a manufacturing reinvestment account not used in accordance
712 with subdivision (3) of subsection (c) of section 32-9zz to the extent
713 that a contribution to such account was subtracted from federal
714 adjusted gross income pursuant to clause (xix) of subparagraph (B) of
715 this subdivision in computing Connecticut adjusted gross income for
716 the current or a preceding taxable year, and (II) any return of money
717 from a manufacturing reinvestment account pursuant to subsection (d)
718 of section 32-9zz to the extent that a contribution to such account was
719 subtracted from federal adjusted gross income pursuant to clause (xix)
720 of subparagraph (B) of this subdivision in computing Connecticut
721 adjusted gross income for the current or a preceding taxable year; [,
722 and]

723 (xiii) [to] To the extent not properly includable in gross income for
724 federal income tax purposes, an amount equal to any compensation
725 required to be recognized under Section 457A of the Internal Revenue
726 Code that is attributable to services performed within this state; and

727 (xiv) For taxable years commencing on or after January 1, 2018,
728 eighty per cent of any deduction claimed for federal purposes under

729 Section 179 of the Internal Revenue Code.

730 (B) There shall be subtracted therefrom:

731 (i) [to] To the extent properly includable in gross income for federal
732 income tax purposes, any income with respect to which taxation by
733 any state is prohibited by federal law; [,]

734 (ii) [to] To the extent allowable under section 12-718, exempt
735 dividends paid by a regulated investment company; [,]

736 (iii) To the extent properly includable in gross income for federal
737 income tax purposes, the amount of any refund or credit for
738 overpayment of income taxes imposed by this state, or any other state
739 of the United States or a political subdivision thereof, or the District of
740 Columbia; [, to the extent properly includable in gross income for
741 federal income tax purposes,]

742 (iv) [to] To the extent properly includable in gross income for
743 federal income tax purposes and not otherwise subtracted from federal
744 adjusted gross income pursuant to clause (x) of this subparagraph in
745 computing Connecticut adjusted gross income, any tier 1 railroad
746 retirement benefits; [,]

747 (v) [to] To the extent any additional allowance for depreciation
748 under Section 168(k) of the Internal Revenue Code [, as provided by
749 Section 101 of the Job Creation and Worker Assistance Act of 2002,] for
750 property placed in service after [December 31, 2001, but prior to
751 September 10, 2004] September 27, 2017, was added to federal adjusted
752 gross income pursuant to subparagraph (A)(ix) of this subdivision in
753 computing Connecticut adjusted gross income, [for a taxable year
754 ending after December 31, 2001,] twenty-five per cent of such
755 additional allowance for depreciation in each of the four succeeding
756 taxable years; [,]

757 (vi) [to] To the extent properly includable in gross income for
758 federal income tax purposes, any interest income from obligations

759 issued by or on behalf of the state of Connecticut, any political
760 subdivision thereof, or public instrumentality, state or local authority,
761 district or similar public entity created under the laws of the state of
762 Connecticut; [.]

763 (vii) [to] To the extent properly includable in determining the net
764 gain or loss from the sale or other disposition of capital assets for
765 federal income tax purposes, any gain from the sale or exchange of
766 obligations issued by or on behalf of the state of Connecticut, any
767 political subdivision thereof, or public instrumentality, state or local
768 authority, district or similar public entity created under the laws of the
769 state of Connecticut, in the income year such gain was recognized; [.]

770 (viii) [any] Any interest on indebtedness incurred or continued to
771 purchase or carry obligations or securities the interest on which is
772 subject to tax under this chapter but exempt from federal income tax,
773 to the extent that such interest on indebtedness is not deductible in
774 determining federal adjusted gross income and is attributable to a
775 trade or business carried on by such individual; [.]

776 (ix) [ordinary] Ordinary and necessary expenses paid or incurred
777 during the taxable year for the production or collection of income
778 which is subject to taxation under this chapter but exempt from federal
779 income tax, or the management, conservation or maintenance of
780 property held for the production of such income, and the amortizable
781 bond premium for the taxable year on any bond the interest on which
782 is subject to tax under this chapter but exempt from federal income tax,
783 to the extent that such expenses and premiums are not deductible in
784 determining federal adjusted gross income and are attributable to a
785 trade or business carried on by such individual; [.]

786 (x) (I) [for] For taxable years commencing prior to January 1, 2019,
787 for a person who files a return under the federal income tax as an
788 unmarried individual whose federal adjusted gross income for such
789 taxable year is less than fifty thousand dollars, or as a married
790 individual filing separately whose federal adjusted gross income for

791 such taxable year is less than fifty thousand dollars, or for a husband
792 and wife who file a return under the federal income tax as married
793 individuals filing jointly whose federal adjusted gross income for such
794 taxable year is less than sixty thousand dollars or a person who files a
795 return under the federal income tax as a head of household whose
796 federal adjusted gross income for such taxable year is less than sixty
797 thousand dollars, an amount equal to the Social Security benefits
798 includable for federal income tax purposes;

799 (II) [~~for~~] For taxable years commencing prior to January 1, 2019, for
800 a person who files a return under the federal income tax as an
801 unmarried individual whose federal adjusted gross income for such
802 taxable year is fifty thousand dollars or more, or as a married
803 individual filing separately whose federal adjusted gross income for
804 such taxable year is fifty thousand dollars or more, or for a husband
805 and wife who file a return under the federal income tax as married
806 individuals filing jointly whose federal adjusted gross income from
807 such taxable year is sixty thousand dollars or more or for a person who
808 files a return under the federal income tax as a head of household
809 whose federal adjusted gross income for such taxable year is sixty
810 thousand dollars or more, an amount equal to the difference between
811 the amount of Social Security benefits includable for federal income tax
812 purposes and the lesser of twenty-five per cent of the Social Security
813 benefits received during the taxable year, or twenty-five per cent of the
814 excess described in Section 86(b)(1) of the Internal Revenue Code;

815 (III) [~~for~~] For the taxable year commencing January 1, 2019, and each
816 taxable year thereafter, for a person who files a return under the
817 federal income tax as an unmarried individual whose federal adjusted
818 gross income for such taxable year is less than seventy-five thousand
819 dollars, or as a married individual filing separately whose federal
820 adjusted gross income for such taxable year is less than seventy-five
821 thousand dollars, or for a husband and wife who file a return under
822 the federal income tax as married individuals filing jointly whose
823 federal adjusted gross income for such taxable year is less than one
824 hundred thousand dollars or a person who files a return under the

825 federal income tax as a head of household whose federal adjusted
826 gross income for such taxable year is less than one hundred thousand
827 dollars, an amount equal to the Social Security benefits includable for
828 federal income tax purposes; and

829 (IV) [for] For the taxable year commencing January 1, 2019, and each
830 taxable year thereafter, for a person who files a return under the
831 federal income tax as an unmarried individual whose federal adjusted
832 gross income for such taxable year is seventy-five thousand dollars or
833 more, or as a married individual filing separately whose federal
834 adjusted gross income for such taxable year is seventy-five thousand
835 dollars or more, or for a husband and wife who file a return under the
836 federal income tax as married individuals filing jointly whose federal
837 adjusted gross income from such taxable year is one hundred
838 thousand dollars or more or for a person who files a return under the
839 federal income tax as a head of household whose federal adjusted
840 gross income for such taxable year is one hundred thousand dollars or
841 more, an amount equal to the difference between the amount of Social
842 Security benefits includable for federal income tax purposes and the
843 lesser of twenty-five per cent of the Social Security benefits received
844 during the taxable year, or twenty-five per cent of the excess described
845 in Section 86(b)(1) of the Internal Revenue Code; []

846 (xi) [to] To the extent properly includable in gross income for
847 federal income tax purposes, any amount rebated to a taxpayer
848 pursuant to section 12-746; []

849 (xii) [to] To the extent properly includable in the gross income for
850 federal income tax purposes of a designated beneficiary, any
851 distribution to such beneficiary from any qualified state tuition
852 program, as defined in Section 529(b) of the Internal Revenue Code,
853 established and maintained by this state or any official, agency or
854 instrumentality of the state; []

855 (xiii) [to] To the extent allowable under section 12-701a,
856 contributions to accounts established pursuant to any qualified state

857 tuition program, as defined in Section 529(b) of the Internal Revenue
858 Code, established and maintained by this state or any official, agency
859 or instrumentality of the state; [.]

860 (xiv) [to] To the extent properly includable in gross income for
861 federal income tax purposes, the amount of any Holocaust victims'
862 settlement payment received in the taxable year by a Holocaust victim;
863 [.]

864 (xv) [to] To the extent properly includable in gross income for
865 federal income tax purposes of an account holder, as defined in section
866 31-51ww, interest earned on funds deposited in the individual
867 development account, as defined in section 31-51ww, of such account
868 holder; [.]

869 (xvi) [to] To the extent properly includable in the gross income for
870 federal income tax purposes of a designated beneficiary, as defined in
871 section 3-123aa, interest, dividends or capital gains earned on
872 contributions to accounts established for the designated beneficiary
873 pursuant to the Connecticut Homecare Option Program for the Elderly
874 established by sections 3-123aa to 3-123ff, inclusive; [.]

875 (xvii) [to] To the extent properly includable in gross income for
876 federal income tax purposes, any income received from the United
877 States government as retirement pay for a retired member of (I) the
878 Armed Forces of the United States, as defined in Section 101 of Title 10
879 of the United States Code, or (II) the National Guard, as defined in
880 Section 101 of Title 10 of the United States Code; [.]

881 (xviii) [to] To the extent properly includable in gross income for
882 federal income tax purposes for the taxable year, any income from the
883 discharge of indebtedness in connection with any reacquisition, after
884 December 31, 2008, and before January 1, 2011, of an applicable debt
885 instrument or instruments, as those terms are defined in Section 108 of
886 the Internal Revenue Code, as amended by Section 1231 of the
887 American Recovery and Reinvestment Act of 2009, to the extent any
888 such income was added to federal adjusted gross income pursuant to

889 subparagraph (A)(xi) of this subdivision in computing Connecticut
890 adjusted gross income for a preceding taxable year; [.]

891 (xix) [to] To the extent not deductible in determining federal
892 adjusted gross income, the amount of any contribution to a
893 manufacturing reinvestment account established pursuant to section
894 32-9zz in the taxable year that such contribution is made; [.]

895 (xx) [to] To the extent properly includable in gross income for
896 federal income tax purposes, (I) for the taxable year commencing
897 January 1, 2015, ten per cent of the income received from the state
898 teachers' retirement system, (II) for the taxable years commencing
899 January 1, 2016, January 1, 2017, and January 1, 2018, twenty-five per
900 cent of the income received from the state teachers' retirement system,
901 and (III) for the taxable year commencing January 1, 2019, and each
902 taxable year thereafter, fifty per cent of the income received from the
903 state teachers' retirement system or the percentage, if applicable,
904 pursuant to clause (xxi) of this subparagraph; [.]

905 (xxi) [to] To the extent properly includable in gross income for
906 federal income tax purposes, except for retirement benefits under
907 clause (iv) of this subparagraph and retirement pay under clause (xvii)
908 of this subparagraph, for a person who files a return under the federal
909 income tax as an unmarried individual whose federal adjusted gross
910 income for such taxable year is less than seventy-five thousand dollars,
911 or as a married individual filing separately whose federal adjusted
912 gross income for such taxable year is less than seventy-five thousand
913 dollars, or as a head of household whose federal adjusted gross income
914 for such taxable year is less than seventy-five thousand dollars, or for a
915 husband and wife who file a return under the federal income tax as
916 married individuals filing jointly whose federal adjusted gross income
917 for such taxable year is less than one hundred thousand dollars, (I) for
918 the taxable year commencing January 1, 2019, fourteen per cent of any
919 pension or annuity income, (II) for the taxable year commencing
920 January 1, 2020, twenty-eight per cent of any pension or annuity
921 income, (III) for the taxable year commencing January 1, 2021, forty-

922 two per cent of any pension or annuity income, (IV) for the taxable
923 year commencing January 1, 2022, fifty-six per cent of any pension or
924 annuity income, (V) for the taxable year commencing January 1, 2023,
925 seventy per cent of any pension or annuity income, (VI) for the taxable
926 year commencing January 1, 2024, eighty-four per cent of any pension
927 or annuity income, and (VII) for the taxable year commencing January
928 1, 2025, any pension or annuity income; [.]

929 (xxii) [the] The amount of lost wages and medical, travel and
930 housing expenses, not to exceed ten thousand dollars in the aggregate,
931 incurred by a taxpayer during the taxable year in connection with the
932 donation to another person of an organ for organ transplantation
933 occurring on or after January 1, 2017; [., and]

934 (xxiii) [to] To the extent properly includable in gross income for
935 federal income tax purposes, the amount of any financial assistance
936 received from the Crumbling Foundations Assistance Fund or paid to
937 or on behalf of the owner of a residential building pursuant to sections
938 8-442 and 8-443; and

939 (xxiv) To the extent any portion of a deduction under Section 179 of
940 the Internal Revenue Code was added to federal adjusted gross income
941 pursuant to subparagraph (A)(xiv) of this subdivision in computing
942 Connecticut adjusted gross income, twenty-five per cent of such
943 disallowed portion of the deduction in each of the four succeeding
944 taxable years.

945 Sec. 12. Subsection (b) of section 12-217 of the 2018 supplement to
946 the general statutes is repealed and the following is substituted in lieu
947 thereof (*Effective from passage*):

948 (b) (1) For purposes of determining net income under this section,
949 the deduction allowed for depreciation shall be determined as
950 provided under the Internal Revenue Code of 1986, or any subsequent
951 corresponding internal revenue code of the United States, as from time
952 to time amended, provided in making such determination, the
953 provisions of Section 168(k) of said code shall not apply.

954 (2) (A) For purposes of determining net income under this section
955 for taxable years ending after December 31, 2008, and to the extent any
956 income from the discharge of indebtedness, under Section 108 of the
957 Internal Revenue Code, as amended by Section 1231 of the American
958 Recovery and Reinvestment Act of 2009, in connection with any
959 reacquisition, after December 31, 2008, and before January 1, 2011, of
960 an applicable debt instrument or instruments, as those terms are
961 defined in said Section 108, as amended by said Section 1231, is not
962 properly includable in gross income for federal income tax purposes
963 for the taxable year, any deferral of the recognition of any such income
964 shall not be allowed.

965 (B) To the extent that any income from the discharge of
966 indebtedness in connection with any reacquisition, after December 31,
967 2008, and before January 1, 2011, of an applicable debt instrument or
968 instruments, as those terms are defined in Section 108 of the Internal
969 Revenue Code, as amended by Section 1231 of the American Recovery
970 and Reinvestment Act of 2009, is properly includable in gross income
971 for federal income tax purposes for the taxable year, any such income
972 shall be deductible in computing net income under this section for a
973 taxable year ending after December 31, 2008, to the extent that the
974 deferral of recognition of such income from such discharge was not
975 allowed pursuant to subparagraph (A) of this subdivision in
976 computing net income for a preceding taxable year.

977 (C) For income years commencing on or after January 1, 2018, eighty
978 per cent of any deduction claimed under Section 179 of the Internal
979 Revenue Code for federal income tax purposes shall be disallowed. To
980 the extent such a deduction is disallowed for purposes of computing
981 the tax under this chapter, twenty-five per cent of the disallowed
982 portion of the deduction shall be allowed as a deduction in each of the
983 four succeeding income years.

984 Sec. 13. Subsection (a) of section 12-217 of the 2018 supplement to
985 the general statutes is repealed and the following is substituted in lieu
986 thereof (*Effective from passage and applicable to income years commencing*

987 *on or after January 1, 2017):*

988 (a) (1) In arriving at net income as defined in section 12-213, whether
989 or not the taxpayer is taxable under the federal corporation net income
990 tax, there shall be deducted from gross income, (A) all items deductible
991 under the Internal Revenue Code effective and in force on the last day
992 of the income year except (i) any taxes imposed under the provisions
993 of this chapter which are paid or accrued in the income year and in the
994 income year commencing January 1, 1989, and thereafter, any taxes in
995 any state of the United States or any political subdivision of such state,
996 or the District of Columbia, imposed on or measured by the income or
997 profits of a corporation which are paid or accrued in the income year,
998 (ii) deductions for depreciation, which shall be allowed as provided in
999 subsection (b) of this section, (iii) deductions for qualified domestic
1000 production activities income, as provided in Section 199 of the Internal
1001 Revenue Code, and (iv) in the case of any captive real estate
1002 investment trust, the deduction for dividends paid provided under
1003 Section 857(b)(2) of the Internal Revenue Code, and (B) additionally, in
1004 the case of a regulated investment company, the sum of (i) the exempt-
1005 interest dividends, as defined in the Internal Revenue Code, and (ii)
1006 expenses, bond premium, and interest related to tax-exempt income
1007 that are disallowed as deductions under the Internal Revenue Code,
1008 and (C) in the case of a taxpayer maintaining an international banking
1009 facility as defined in the laws of the United States or the regulations of
1010 the Board of Governors of the Federal Reserve System, as either may
1011 be amended from time to time, the gross income attributable to the
1012 international banking facility, provided, no expense or loss attributable
1013 to the international banking facility shall be a deduction under any
1014 provision of this section, and (D) additionally, in the case of all
1015 taxpayers, all dividends as defined in the Internal Revenue Code
1016 effective and in force on the last day of the income year not otherwise
1017 deducted from gross income, including dividends received from a
1018 DISC or former DISC as defined in Section 992 of the Internal Revenue
1019 Code and dividends deemed to have been distributed by a DISC or
1020 former DISC as provided in Section 995 of said Internal Revenue Code,

1021 other than thirty per cent of dividends received from a domestic
1022 corporation in which the taxpayer owns less than twenty per cent of
1023 the total voting power and value of the stock of such corporation, and
1024 (E) additionally, in the case of all taxpayers, the value of any capital
1025 gain realized from the sale of any land, or interest in land, to the state,
1026 any political subdivision of the state, or to any nonprofit land
1027 conservation organization where such land is to be permanently
1028 preserved as protected open space or to a water company, as defined
1029 in section 25-32a, where such land is to be permanently preserved as
1030 protected open space or as Class I or Class II water company land, and
1031 (F) in the case of manufacturers, the amount of any contribution to a
1032 manufacturing reinvestment account established pursuant to section
1033 32-9zz in the income year that such contribution is made to the extent
1034 not deductible for federal income tax purposes, [and] (G) additionally,
1035 to the extent allowable under subsection (g) of section 32-776, the
1036 amount paid by a 7/7 participant, as defined in section 32-776, for the
1037 remediation of a brownfield, and (H) the amount of any contribution
1038 made on or after December 23, 2017, by the state of Connecticut or a
1039 political subdivision thereof to the extent included in a company's
1040 gross income under Section 118(b)(2) of the Internal Revenue Code.

1041 (2) (A) No deduction shall be allowed for [(A)] (i) expenses related
1042 to dividends [which] that are allowable as a deduction or credit under
1043 the Internal Revenue Code, and [(B)] (ii) federal taxes on income or
1044 profits, losses of other calendar or fiscal years, retroactive to include all
1045 calendar or fiscal years beginning after January 1, 1935, interest
1046 received from federal, state and local government securities, if any
1047 such deductions are allowed by the federal government.

1048 (B) For purposes of this subdivision, expenses related to dividends
1049 shall equal five per cent of all dividends received by a company during
1050 an income year. The net income associated with the disallowance of
1051 expenses related to dividends shall be apportioned, if the company
1052 conducts business within and without the state or is required to
1053 apportion its income under section 12-218b, in accordance with this
1054 chapter.

1055 (3) Notwithstanding any provision of this section to the contrary, no
1056 dividend received from a real estate investment trust shall be
1057 deductible under this section by the recipient unless the dividend is:
1058 (A) Deductible under Section 243 of the Internal Revenue Code; (B)
1059 received by a qualified dividend recipient from a qualified real estate
1060 investment trust and, as of the last day of the period for which such
1061 dividend is paid, persons, not including the qualified dividend
1062 recipient or any person that is either a related person to, or an
1063 employee or director of, the qualified dividend recipient, have
1064 outstanding cash capital contributions to the qualified real estate
1065 investment trust that, in the aggregate, exceed five per cent of the fair
1066 market value of the aggregate real estate assets, valued as of the last
1067 day of the period for which such dividend is paid, then held by the
1068 qualified real estate investment trust; or (C) received from a captive
1069 real estate investment trust that is subject to the tax imposed under this
1070 chapter. For purposes of this section, a "related person" is as defined in
1071 subdivision (7) of subsection (a) of section 12-217m, "real estate assets"
1072 is as defined in Section 856 of the Internal Revenue Code, a "qualified
1073 dividend recipient" means a dividend recipient who has invested in a
1074 qualified real estate investment trust prior to April 1, 1997, and a
1075 "qualified real estate investment trust" means an entity that both was
1076 incorporated and had contributed to it a minimum of five hundred
1077 million dollars worth of real estate assets prior to April 1, 1997, and
1078 that elects to be a real estate investment trust under Section 856 of the
1079 Internal Revenue Code prior to April 1, 1998.

1080 (4) Notwithstanding any provision of this section to the contrary,
1081 (A) any excess of the deductions provided in this section for any
1082 income year commencing on or after January 1, 1973, over the gross
1083 income for such year or the amount of such excess apportioned to this
1084 state under the provisions of this chapter, shall be an operating loss of
1085 such income year and shall be deductible as an operating loss carry-
1086 over for operating losses incurred prior to income years commencing
1087 January 1, 2000, in each of the five income years following such loss
1088 year, and for operating losses incurred in income years commencing

1089 on or after January 1, 2000, in each of the twenty income years
1090 following such loss year, except that (i) for income years commencing
1091 prior to January 1, 2015, the portion of such operating loss which may
1092 be deducted as an operating loss carry-over in any income year
1093 following such loss year shall be limited to the lesser of (I) any net
1094 income greater than zero of such income year following such loss year,
1095 or in the case of a company entitled to apportion its net income under
1096 the provisions of this chapter, the amount of such net income which is
1097 apportioned to this state pursuant thereto, or (II) the excess, if any, of
1098 such operating loss over the total of such net income for each of any
1099 prior income years following such loss year, such net income of each of
1100 such prior income years following such loss year for such purposes
1101 being computed without regard to any operating loss carry-over from
1102 such loss year allowed under this subparagraph and being regarded as
1103 not less than zero, and provided further the operating loss of any
1104 income year shall be deducted in any subsequent year, to the extent
1105 available for such deduction, before the operating loss of any
1106 subsequent income year is deducted, (ii) for income years commencing
1107 on or after January 1, 2015, the portion of such operating loss which
1108 may be deducted as an operating loss carry-over in any income year
1109 following such loss year shall be limited to the lesser of (I) fifty per
1110 cent of net income of such income year following such loss year, or in
1111 the case of a company entitled to apportion its net income under the
1112 provisions of this chapter, fifty per cent of such net income which is
1113 apportioned to this state pursuant thereto, or (II) the excess, if any, of
1114 such operating loss over the operating loss deductions allowable with
1115 respect to such operating loss under this subparagraph for each of any
1116 prior income years following such loss year, such net income of each of
1117 such prior income years following such loss year for such purposes
1118 being computed without regard to any operating loss carry-over from
1119 such loss year allowed under this subparagraph and being regarded as
1120 not less than zero, and provided further the operating loss of any
1121 income year shall be deducted in any subsequent year, to the extent
1122 available for such deduction, before the operating loss of any
1123 subsequent income year is deducted, and (iii) if a combined group so

1124 elects, the combined group shall relinquish fifty per cent of its unused
1125 operating losses incurred prior to the income year commencing on or
1126 after January 1, 2015, and before January 1, 2016, and may utilize the
1127 remaining operating loss carry-over without regard to the limitations
1128 prescribed in subparagraph (A)(ii) of this subdivision. The portion of
1129 such operating loss carry-over that may be deducted shall be limited to
1130 the amount required to reduce a combined group's tax under this
1131 chapter, prior to surtax and prior to the application of credits, to two
1132 million five hundred thousand dollars in any income year
1133 commencing on or after January 1, 2015. Only after the combined
1134 group's remaining operating loss carry-over for operating losses
1135 incurred prior to income years commencing January 1, 2015, has been
1136 fully utilized, will the limitations prescribed in subparagraph (A)(ii) of
1137 this subdivision apply. The combined group, or any member thereof,
1138 shall make such election on its return for the income year beginning on
1139 or after January 1, 2015, and before January 1, 2016, by the due date for
1140 such return, including any extensions. Only combined groups with
1141 unused operating losses in excess of six billion dollars from income
1142 years beginning prior to January 1, 2013, may make the election
1143 prescribed in this clause, and (B) any net capital loss, as defined in the
1144 Internal Revenue Code effective and in force on the last day of the
1145 income year, for any income year commencing on or after January 1,
1146 1973, shall be allowed as a capital loss carry-over to reduce, but not
1147 below zero, any net capital gain, as so defined, in each of the five
1148 following income years, in order of sequence, to the extent not
1149 exhausted by the net capital gain of any of the preceding of such five
1150 following income years, and (C) any net capital losses allowed and
1151 carried forward from prior years to income years beginning on or after
1152 January 1, 1973, for federal income tax purposes by companies entitled
1153 to a deduction for dividends paid under the Internal Revenue Code
1154 other than companies subject to the gross earnings taxes imposed
1155 under chapters 211 and 212, shall be allowed as a capital loss carry-
1156 over.

1157 (5) This section shall not apply to a life insurance company as

1158 defined in the Internal Revenue Code effective and in force on the last
 1159 day of the income year. For purposes of this section, the unpaid loss
 1160 reserve adjustment required for nonlife insurance companies under the
 1161 provisions of Section 832(b)(5) of the Internal Revenue Code of 1986, or
 1162 any subsequent corresponding internal revenue code of the United
 1163 States, as from time to time amended, shall be applied without making
 1164 the adjustment in Subparagraph (B) of said Section 832(b)(5).

1165 (6) For purposes of determining net income under this section for
 1166 income years commencing on or after January 1, 2018, the deduction
 1167 allowed for business interest paid or accrued shall be determined as
 1168 provided under the Internal Revenue Code, except that in making such
 1169 determination, the provisions of Section 163(j) shall not apply.

1170 Sec. 14. Subsection (g) of section 12-391 of the 2018 supplement to
 1171 the general statutes is repealed and the following is substituted in lieu
 1172 thereof (*Effective from passage*):

1173 (g) (1) With respect to the estates of decedents dying on or after
 1174 January 1, 2005, but prior to January 1, 2010, the tax based on the
 1175 Connecticut taxable estate shall be as provided in the following
 1176 schedule:

T1	Amount of Connecticut	
T2	Taxable Estate	Rate of Tax
T3	Not over \$2,000,000	None
T4	Over \$2,000,000	
T5	but not over \$2,100,000	5.085% of the excess over \$0
T6	Over \$2,100,000	\$106,800 plus 8% of the excess
T7	but not over \$2,600,000	over \$2,100,000
T8	Over \$2,600,000	\$146,800 plus 8.8% of the excess
T9	but not over \$3,100,000	over \$2,600,000
T10	Over \$3,100,000	\$190,800 plus 9.6% of the excess
T11	but not over \$3,600,000	over \$3,100,000
T12	Over \$3,600,000	\$238,800 plus 10.4% of the excess

T13	but not over \$4,100,000	over \$3,600,000
T14	Over \$4,100,000	\$290,800 plus 11.2% of the excess
T15	but not over \$5,100,000	over \$4,100,000
T16	Over \$5,100,000	\$402,800 plus 12% of the excess
T17	but not over \$6,100,000	over \$5,100,000
T18	Over \$6,100,000	\$522,800 plus 12.8% of the excess
T19	but not over \$7,100,000	over \$6,100,000
T20	Over \$7,100,000	\$650,800 plus 13.6% of the excess
T21	but not over \$8,100,000	over \$7,100,000
T22	Over \$8,100,000	\$786,800 plus 14.4% of the excess
T23	but not over \$9,100,000	over \$8,100,000
T24	Over \$9,100,000	\$930,800 plus 15.2% of the excess
T25	but not over \$10,100,000	over \$9,100,000
T26	Over \$10,100,000	\$1,082,800 plus 16% of the excess
T27		over \$10,100,000

1177 (2) With respect to the estates of decedents dying on or after January
 1178 1, 2010, but prior to January 1, 2011, the tax based on the Connecticut
 1179 taxable estate shall be as provided in the following schedule:

T28	Amount of Connecticut	
T29	Taxable Estate	Rate of Tax
T30	Not over \$3,500,000	None
T31	Over \$3,500,000	7.2% of the excess
T32	but not over \$3,600,000	over \$3,500,000
T33	Over \$3,600,000	\$7,200 plus 7.8% of the excess
T34	but not over \$4,100,000	over \$3,600,000
T35	Over \$4,100,000	\$46,200 plus 8.4% of the excess
T36	but not over \$5,100,000	over \$4,100,000
T37	Over \$5,100,000	\$130,200 plus 9.0% of the excess
T38	but not over \$6,100,000	over \$5,100,000
T39	Over \$6,100,000	\$220,200 plus 9.6% of the excess
T40	but not over \$7,100,000	over \$6,100,000
T41	Over \$7,100,000	\$316,200 plus 10.2% of the excess
T42	but not over \$8,100,000	over \$7,100,000

T43	Over \$8,100,000	\$418,200 plus 10.8% of the excess
T44	but not over \$9,100,000	over \$8,100,000
T45	Over \$9,100,000	\$526,200 plus 11.4% of the excess
T46	but not over \$10,100,000	over \$9,100,000
T47	Over \$10,100,000	\$640,200 plus 12% of the excess
T48		over \$10,100,000

1180 (3) With respect to the estates of decedents dying on or after January
 1181 1, 2011, but prior to January 1, 2018, the tax based on the Connecticut
 1182 taxable estate shall be as provided in the following schedule:

T49	Amount of Connecticut	
T50	Taxable Estate	Rate of Tax
T51	Not over \$2,000,000	None
T52	Over \$2,000,000	7.2% of the excess
T53	but not over \$3,600,000	over \$2,000,000
T54	Over \$3,600,000	\$115,200 plus 7.8% of the excess
T55	but not over \$4,100,000	over \$3,600,000
T56	Over \$4,100,000	\$154,200 plus 8.4% of the excess
T57	but not over \$5,100,000	over \$4,100,000
T58	Over \$5,100,000	\$238,200 plus 9.0% of the excess
T59	but not over \$6,100,000	over \$5,100,000
T60	Over \$6,100,000	\$328,200 plus 9.6% of the excess
T61	but not over \$7,100,000	over \$6,100,000
T62	Over \$7,100,000	\$424,200 plus 10.2% of the excess
T63	but not over \$8,100,000	over \$7,100,000
T64	Over \$8,100,000	\$526,200 plus 10.8% of the excess
T65	but not over \$9,100,000	over \$8,100,000
T66	Over \$9,100,000	\$634,200 plus 11.4% of the excess
T67	but not over \$10,100,000	over \$9,100,000
T68	Over \$10,100,000	\$748,200 plus 12% of the excess
T69		over \$10,100,000

1183 (4) With respect to the estates of decedents dying on or after January
 1184 1, 2018, but prior to January 1, 2019, the tax based on the Connecticut

1185 taxable estate shall be as provided in the following schedule:

T70	Amount of Connecticut	
T71	Taxable Estate	Rate of Tax
T72	Not over \$2,600,000	None
T73	Over \$2,600,000	7.2% of the excess
T74	but not over \$3,600,000	over \$2,600,000
T75	Over \$3,600,000	\$72,000 plus 7.8% of the excess
T76	but not over \$4,100,000	over \$3,600,000
T77	Over \$4,100,000	\$111,000 plus 8.4% of the excess
T78	but not over \$5,100,000	over \$4,100,000
T79	Over \$5,100,000	\$195,000 plus 10% of the excess
T80	but not over \$6,100,000	over \$5,100,000
T81	Over \$6,100,000	\$295,000 plus 10.4% of the excess
T82	but not over \$7,100,000	over \$6,100,000
T83	Over \$7,100,000	\$399,900 plus 10.8% of the excess
T84	but not over \$8,100,000	over \$7,100,000
T85	Over \$8,100,000	\$507,000 plus 11.2% of the excess
T86	but not over \$9,100,000	over \$8,100,000
T87	Over \$9,100,000	\$619,000 plus 11.6% of the excess
T88	but not over \$10,100,000	over \$9,100,000
T89	Over \$10,100,000	\$735,000 plus 12% of the excess
T90		over \$10,100,000

1186 (5) With respect to the estates of decedents dying on or after January
 1187 1, 2019, but prior to January 1, 2020, the tax based on the Connecticut
 1188 taxable estate shall be as provided in the following schedule:

T91	Amount of Connecticut	
T92	Taxable Estate	Rate of Tax
T93	Not over \$3,600,000	None
T94	Over \$3,600,000	7.8% of the excess
T95	but not over \$4,100,000	over \$3,600,000
T96	Over \$4,100,000	\$39,000 plus 8.4% of the excess
T97	but not over \$5,100,000	over \$4,100,000

T98	Over \$5,100,000	\$123,000 plus 10% of the excess
T99	but not over \$6,100,000	over \$5,100,000
T100	Over \$6,100,000	\$223,000 plus 10.4% of the excess
T101	but not over \$7,100,000	over \$6,100,000
T102	Over \$7,100,000	\$327,000 plus 10.8% of the excess
T103	but not over \$8,100,000	over \$7,100,000
T104	Over \$8,100,000	\$435,000 plus 11.2% of the excess
T105	but not over \$9,100,000	over \$8,100,000
T106	Over \$9,100,000	\$547,000 plus 11.6% of the excess
T107	but not over \$10,100,000	over \$9,100,000
T108	Over \$10,100,000	\$663,000 plus 12% of the excess
T109		over \$10,100,000

1189 (6) With respect to the estates of decedents dying on or after January
 1190 1, 2020, the tax based on the Connecticut taxable estate shall be as
 1191 provided in the following schedule:

T110	[Amount of Connecticut	
T111	Taxable Estate	Rate of Tax
T112	Not over the	None
T113	federal basic exclusion amount	
T114	Over the	10% of the excess over the
T115	federal basic exclusion amount	federal basic exclusion amount
T116	but not over \$6,100,000	
T117	Over \$6,100,000	10.4% of the excess over the
T118	but not over \$7,100,000	federal basic exclusion amount
T119	Over \$7,100,000	10.8% of the excess over the
T120	but not over \$8,100,000	federal basic exclusion amount
T121	Over \$8,100,000	11.2% of the excess over the
T122	but not over \$9,100,000	federal basic exclusion amount
T123	Over \$9,100,000	11.6% of the excess over the
T124	but not over \$10,100,000	federal basic exclusion amount
T125	Over \$10,100,000	12% of the excess over the
T126		federal basic exclusion amount]

	<u>Amount of Connecticut</u>	
	<u>Taxable Estate</u>	<u>Rate of Tax</u>
T127	<u>Not over \$5,490,000</u>	<u>None</u>
T129	<u>Over \$5,490,000</u>	<u>10% of the excess</u>
T130	<u>but not over \$6,100,000</u>	<u>over \$5,490,000</u>
T131	<u>Over \$6,100,000</u>	<u>\$61,000 plus 10.4% of the excess</u>
T132	<u>but not over \$7,100,000</u>	<u>over \$6,100,000</u>
T133	<u>Over \$7,100,000</u>	<u>\$165,000 plus 10.8% of the excess</u>
T134	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T135	<u>Over \$8,100,000</u>	<u>\$273,000 plus 11.2% of the excess</u>
T136	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T137	<u>Over \$9,100,000</u>	<u>\$385,000 plus 11.6% of the excess</u>
T138	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T139	<u>Over \$10,100,000</u>	<u>\$501,000 plus 12% of the excess</u>
T140		<u>over \$10,100,000</u>
T141		

1192 Sec. 15. Subsection (a) of section 12-642 of the 2018 supplement to
 1193 the general statutes is repealed and the following is substituted in lieu
 1194 thereof (*Effective from passage*):

1195 (a) (1) With respect to calendar years commencing prior to January
 1196 1, 2001, the tax imposed by section 12-640 for the calendar year shall be
 1197 at a rate of the taxable gifts made by the donor during the calendar
 1198 year set forth in the following schedule:

	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T142	<u>Not over \$25,000</u>	<u>1%</u>
T143	<u>Over \$25,000</u>	<u>\$250, plus 2% of the excess</u>
T144	<u>but not over \$50,000</u>	<u>over \$25,000</u>
T145	<u>Over \$50,000</u>	<u>\$750, plus 3% of the excess</u>
T146	<u>but not over \$75,000</u>	<u>over \$50,000</u>
T147	<u>Over \$75,000</u>	<u>\$1,500, plus 4% of the excess</u>
T148	<u>but not over \$100,000</u>	<u>over \$75,000</u>
T149	<u>Over \$100,000</u>	<u>\$2,500, plus 5% of the excess</u>
T150		

T151	but not over \$200,000	over \$100,000
T152	Over \$200,000	\$7,500, plus 6% of the excess
T153		over \$200,000

1199 (2) With respect to the calendar years commencing January 1, 2001,
 1200 January 1, 2002, January 1, 2003, and January 1, 2004, the tax imposed
 1201 by section 12-640 for each such calendar year shall be at a rate of the
 1202 taxable gifts made by the donor during the calendar year set forth in
 1203 the following schedule:

T154	Amount of Taxable Gifts	Rate of Tax
T155	Over \$25,000	\$250, plus 2% of the excess
T156	but not over \$50,000	over \$25,000
T157	Over \$50,000	\$750, plus 3% of the excess
T158	but not over \$75,000	over \$50,000
T159	Over \$75,000	\$1,500, plus 4% of the excess
T160	but not over \$100,000	over \$75,000
T161	Over \$100,000	\$2,500, plus 5% of the excess
T162	but not over \$675,000	over \$100,000
T163	Over \$675,000	\$31,250, plus 6% of the excess
T164		over \$675,000

1204 (3) With respect to Connecticut taxable gifts, as defined in section
 1205 12-643, made by a donor during a calendar year commencing on or
 1206 after January 1, 2005, but prior to January 1, 2010, including the
 1207 aggregate amount of all Connecticut taxable gifts made by the donor
 1208 during all calendar years commencing on or after January 1, 2005, but
 1209 prior to January 1, 2010, the tax imposed by section 12-640 for the
 1210 calendar year shall be at the rate set forth in the following schedule,
 1211 with a credit allowed against such tax for any tax previously paid to
 1212 this state pursuant to this subdivision:

T165	Amount of Taxable Gifts	Rate of Tax
T166	Not over \$2,000,000	None
T167	Over \$2,000,000	

T168	but not over \$2,100,000	5.085% of the excess over \$0
T169	Over \$2,100,000	\$106,800 plus 8% of the excess
T170	but not over \$2,600,000	over \$2,100,000
T171	Over \$2,600,000	\$146,800 plus 8.8% of the excess
T172	but not over \$3,100,000	over \$2,600,000
T173	Over \$3,100,000	\$190,800 plus 9.6% of the excess
T174	but not over \$3,600,000	over \$3,100,000
T175	Over \$3,600,000	\$238,800 plus 10.4% of the excess
T176	but not over \$4,100,000	over \$3,600,000
T177	Over \$4,100,000	\$290,800 plus 11.2% of the excess
T178	but not over \$5,100,000	over \$4,100,000
T179	Over \$5,100,000	\$402,800 plus 12% of the excess
T180	but not over \$6,100,000	over \$5,100,000
T181	Over \$6,100,000	\$522,800 plus 12.8% of the excess
T182	but not over \$7,100,000	over \$6,100,000
T183	Over \$7,100,000	\$650,800 plus 13.6% of the excess
T184	but not over \$8,100,000	over \$7,100,000
T185	Over \$8,100,000	\$786,800 plus 14.4% of the excess
T186	but not over \$9,100,000	over \$8,100,000
T187	Over \$9,100,000	\$930,800 plus 15.2% of the excess
T188	but not over \$10,100,000	over \$9,100,000
T189	Over \$10,100,000	\$1,082,800 plus 16% of the excess
T190		over \$10,100,000

1213 (4) With respect to Connecticut taxable gifts, as defined in section
 1214 12-643, made by a donor during a calendar year commencing on or
 1215 after January 1, 2010, but prior to January 1, 2011, including the
 1216 aggregate amount of all Connecticut taxable gifts made by the donor
 1217 during all calendar years commencing on or after January 1, 2005, the
 1218 tax imposed by section 12-640 for the calendar year shall be at the rate
 1219 set forth in the following schedule, with a credit allowed against such
 1220 tax for any tax previously paid to this state pursuant to this
 1221 subdivision or pursuant to subdivision (3) of this subsection, provided
 1222 such credit shall not exceed the amount of tax imposed by this section:

T191	Amount of Taxable Gifts	Rate of Tax
T192	Not over \$3,500,000	None
T193	Over \$3,500,000	7.2% of the excess
T194	but not over \$3,600,000	over \$3,500,000
T195	Over \$3,600,000	\$7,200 plus 7.8% of the excess
T196	but not over \$4,100,000	over \$3,600,000
T197	Over \$4,100,000	\$46,200 plus 8.4% of the excess
T198	but not over \$5,100,000	over \$4,100,000
T199	Over \$5,100,000	\$130,200 plus 9.0% of the excess
T200	but not over \$6,100,000	over \$5,100,000
T201	Over \$6,100,000	\$220,200 plus 9.6% of the excess
T202	but not over \$7,100,000	over \$6,100,000
T203	Over \$7,100,000	\$316,200 plus 10.2% of the excess
T204	but not over \$8,100,000	over \$7,100,000
T205	Over \$8,100,000	\$418,200 plus 10.8% of the excess
T206	but not over \$9,100,000	over \$8,100,000
T207	Over \$9,100,000	\$526,200 plus 11.4% of the excess
T208	but not over \$10,100,000	over \$9,100,000
T209	Over \$10,100,000	\$640,200 plus 12% of the excess
T210		over \$10,100,000

1223 (5) With respect to Connecticut taxable gifts, as defined in section
 1224 12-643, made by a donor during a calendar year commencing on or
 1225 after January 1, 2011, but prior to January 1, 2018, including the
 1226 aggregate amount of all Connecticut taxable gifts made by the donor
 1227 during all calendar years commencing on or after January 1, 2005, the
 1228 tax imposed by section 12-640 for the calendar year shall be at the rate
 1229 set forth in the following schedule, with a credit allowed against such
 1230 tax for any tax previously paid to this state pursuant to this
 1231 subdivision or pursuant to subdivision (3) or (4) of this subsection,
 1232 provided such credit shall not exceed the amount of tax imposed by
 1233 this section:

T211	Amount of Taxable Gifts	Rate of Tax
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T212	Not over \$2,000,000	None
T213	Over \$2,000,000	7.2% of the excess
T214	but not over \$3,600,000	over \$2,000,000
T215	Over \$3,600,000	\$115,200 plus 7.8% of the excess
T216	but not over \$4,100,000	over \$3,600,000
T217	Over \$4,100,000	\$154,200 plus 8.4% of the excess
T218	but not over \$5,100,000	over \$4,100,000
T219	Over \$5,100,000	\$238,200 plus 9.0% of the excess
T220	but not over \$6,100,000	over \$5,100,000
T221	Over \$6,100,000	\$328,200 plus 9.6% of the excess
T222	but not over \$7,100,000	over \$6,100,000
T223	Over \$7,100,000	\$424,200 plus 10.2% of the excess
T224	but not over \$8,100,000	over \$7,100,000
T225	Over \$8,100,000	\$526,200 plus 10.8% of the excess
T226	but not over \$9,100,000	over \$8,100,000
T227	Over \$9,100,000	\$634,200 plus 11.4% of the excess
T228	but not over \$10,100,000	over \$9,100,000
T229	Over \$10,100,000	\$748,200 plus 12% of the excess
T230		over \$10,100,000

1234 (6) With respect to Connecticut taxable gifts, as defined in section
 1235 12-643, made by a donor during a calendar year commencing on or
 1236 after January 1, 2018, but prior to January 1, 2019, including the
 1237 aggregate amount of all Connecticut taxable gifts made by the donor
 1238 during all calendar years commencing on or after January 1, 2005, the
 1239 tax imposed by section 12-640 for the calendar year shall be at the rate
 1240 set forth in the following schedule, with a credit allowed against such
 1241 tax for any tax previously paid to this state pursuant to this
 1242 subdivision or pursuant to subdivision (3), (4) or (5) of this subsection,
 1243 provided such credit shall not exceed the amount of tax imposed by
 1244 this section:

T231	Amount of Taxable Gifts	Rate of Tax
T232	Not over \$2,600,000	None
T233	Over \$2,600,000	7.2% of the excess

T234	but not over \$3,600,000	over \$2,600,000
T235	Over \$3,600,000	\$72,000 plus 7.8% of the excess
T236	but not over \$4,100,000	over \$3,600,000
T237	Over \$4,100,000	\$111,000 plus 8.4% of the excess
T238	but not over \$5,100,000	over \$4,100,000
T239	Over \$5,100,000	\$195,000 plus 10% of the excess
T240	but not over \$6,100,000	over \$5,100,000
T241	Over \$6,100,000	\$295,000 plus 10.4% of the excess
T242	but not over \$7,100,000	over \$6,100,000
T243	Over \$7,100,000	\$399,900 plus 10.8% of the excess
T244	but not over \$8,100,000	over \$7,100,000
T245	Over \$8,100,000	\$507,000 plus 11.2% of the excess
T246	but not over \$9,100,000	over \$8,100,000
T247	Over \$9,100,000	\$619,000 plus 11.6% of the excess
T248	but not over \$10,100,000	over \$9,100,000
T249	Over \$10,100,000	\$735,000 plus 12% of the excess
T250		over \$10,100,000

1245 (7) With respect to Connecticut taxable gifts, as defined in section
 1246 12-643, made by a donor during a calendar year commencing on or
 1247 after January 1, 2019, but prior to January 1, 2020, including the
 1248 aggregate amount of all Connecticut taxable gifts made by the donor
 1249 during all calendar years commencing on or after January 1, 2005, the
 1250 tax imposed by section 12-640 for the calendar year shall be at the rate
 1251 set forth in the following schedule, with a credit allowed against such
 1252 tax for any tax previously paid to this state pursuant to this
 1253 subdivision or pursuant to subdivision (3), (4), (5) or (6) of this
 1254 subsection, provided such credit shall not exceed the amount of tax
 1255 imposed by this section:

T251	Amount of Taxable Gifts	Rate of Tax
T252	Not over \$3,600,000	None
T253	Over \$3,600,000	7.8% of the excess
T254	but not over \$4,100,000	over \$3,600,000
T255	Over \$4,100,000	\$39,000 plus 8.4% of the excess

T256	but not over \$5,100,000	over \$4,100,000
T257	Over \$5,100,000	\$123,000 plus 10% of the excess
T258	but not over \$6,100,000	over \$5,100,000
T259	Over \$6,100,000	\$223,000 plus 10.4% of the excess
T260	but not over \$7,100,000	over \$6,100,000
T261	Over \$7,100,000	\$327,000 plus 10.8% of the excess
T262	but not over \$8,100,000	over \$7,100,000
T263	Over \$8,100,000	\$435,000 plus 11.2% of the excess
T264	but not over \$9,100,000	over \$8,100,000
T265	Over \$9,100,000	\$547,000 plus 11.6% of the excess
T266	but not over \$10,100,000	over \$9,100,000
T267	Over \$10,100,000	\$663,000 plus 12% of the excess
T268		over \$10,100,000

1256 (8) With respect to Connecticut taxable gifts, as defined in section
 1257 12-643, made by a donor during a calendar year commencing on or
 1258 after January 1, 2020, including the aggregate amount of all
 1259 Connecticut taxable gifts made by the donor during all calendar years
 1260 commencing on or after January 1, 2005, the tax imposed by section 12-
 1261 640 for the calendar year shall be at the rate set forth in the following
 1262 schedule, with a credit allowed against such tax for any tax previously
 1263 paid to this state pursuant to this subdivision or pursuant to
 1264 subdivision (3), (4), (5), (6) or (7) of this subsection, provided such
 1265 credit shall not exceed the amount of tax imposed by this section:

T269	[Amount of Taxable Gifts	Rate of Tax
T270	Not over the	None
T271	federal basic exclusion amount,	
T272	as defined in section 12-643	
T273	Over the	10% of the excess over the
T274	federal basic exclusion amount	federal basic exclusion amount
T275	but not over \$6,100,000	
T276	Over \$6,100,000	10.4% of the excess over the
T277	but not over \$7,100,000	federal basic exclusion amount
T278	Over \$7,100,000	10.8% of the excess over the

T279	but not over \$8,100,000	federal basic exclusion amount
T280	Over \$8,100,000	11.2% of the excess over the
T281	but not over \$9,100,000	federal basic exclusion amount
T282	Over \$9,100,000	11.6% of the excess over the
T283	but not over \$10,100,000	federal basic exclusion amount
T284	Over \$10,100,000	12% of the excess over the
T285		federal basic exclusion amount]

T286	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T287	<u>Not over \$5,490,000</u>	<u>None</u>
T288	<u>Over \$5,490,000</u>	<u>10% of the excess</u>
T289	<u>but not over \$6,100,000</u>	<u>over \$5,490,000</u>
T290	<u>Over \$6,100,000</u>	<u>\$61,000 plus 10.4% of the excess</u>
T291	<u>but not over \$7,100,000</u>	<u>over \$6,100,000</u>
T292	<u>Over \$7,100,000</u>	<u>\$165,000 plus 10.8% of the excess</u>
T293	<u>but not over \$8,100,000</u>	<u>over \$7,100,000</u>
T294	<u>Over \$8,100,000</u>	<u>\$273,000 plus 11.2% of the excess</u>
T295	<u>but not over \$9,100,000</u>	<u>over \$8,100,000</u>
T296	<u>Over \$9,100,000</u>	<u>\$385,000 plus 11.6% of the excess</u>
T297	<u>but not over \$10,100,000</u>	<u>over \$9,100,000</u>
T298	<u>Over \$10,100,000</u>	<u>\$501,000 plus 12% of the excess</u>
T299		<u>over \$10,100,000</u>

1266 Sec. 16. Subdivision (3) of subsection (b) of section 12-392 of the 2018
 1267 supplement to the general statutes is repealed and the following is
 1268 substituted in lieu thereof (*Effective from passage*):

1269 (3) (A) A tax return shall be filed, in the case of every decedent who
 1270 died prior to January 1, 2005, and at the time of death was (i) a resident
 1271 of this state, or (ii) a nonresident of this state whose gross estate
 1272 includes any real property situated in this state or tangible personal
 1273 property having an actual situs in this state, whenever the personal
 1274 representative of the estate is required by the laws of the United States

1275 to file a federal estate tax return.

1276 (B) A tax return shall be filed, in the case of every decedent who dies
1277 on or after January 1, 2005, but prior to January 1, 2010, and at the time
1278 of death was (i) a resident of this state, or (ii) a nonresident of this state
1279 whose gross estate includes any real property situated in this state or
1280 tangible personal property having an actual situs in this state. If the
1281 decedent's Connecticut taxable estate is over two million dollars, such
1282 tax return shall be filed with the Commissioner of Revenue Services
1283 and a copy of such return shall be filed with the court of probate for
1284 the district within which the decedent resided at the date of his or her
1285 death or, if the decedent died a nonresident of this state, the court of
1286 probate for the district within which such real property or tangible
1287 personal property is situated. If the decedent's Connecticut taxable
1288 estate is two million dollars or less, such return shall be filed with the
1289 court of probate for the district within which the decedent resided at
1290 the date of his or her death or, if the decedent died a nonresident of
1291 this state, the court of probate for the district within which such real
1292 property or tangible personal property is situated, and no such return
1293 shall be filed with the Commissioner of Revenue Services. The judge of
1294 probate for the district in which such return is filed shall review each
1295 such return and shall issue a written opinion to the estate
1296 representative in each case in which the judge determines that the
1297 estate is not subject to tax under this chapter.

1298 (C) A tax return shall be filed, in the case of every decedent who
1299 dies on or after January 1, 2010, but prior to January 1, 2011, and at the
1300 time of death was (i) a resident of this state, or (ii) a nonresident of this
1301 state whose gross estate includes any real property situated in this
1302 state or tangible personal property having an actual situs in this state.
1303 If the decedent's Connecticut taxable estate is over three million five
1304 hundred thousand dollars, such tax return shall be filed with the
1305 Commissioner of Revenue Services and a copy of such return shall be
1306 filed with the court of probate for the district within which the
1307 decedent resided at the date of his or her death or, if the decedent died
1308 a nonresident of this state, the court of probate for the district within

1309 which such real property or tangible personal property is situated. If
1310 the decedent's Connecticut taxable estate is three million five hundred
1311 thousand dollars or less, such return shall be filed with the court of
1312 probate for the district within which the decedent resided at the date
1313 of his or her death or, if the decedent died a nonresident of this state,
1314 the court of probate for the district within which such real property or
1315 tangible personal property is situated, and no such return shall be filed
1316 with the Commissioner of Revenue Services. The judge of probate for
1317 the district in which such return is filed shall review each such return
1318 and shall issue a written opinion to the estate representative in each
1319 case in which the judge determines that the estate is not subject to tax
1320 under this chapter.

1321 (D) A tax return shall be filed, in the case of every decedent who
1322 dies on or after January 1, 2011, but prior to January 1, 2018, and at the
1323 time of death was (i) a resident of this state, or (ii) a nonresident of this
1324 state whose gross estate includes any real property situated in this
1325 state or tangible personal property having an actual situs in this state.
1326 If the decedent's Connecticut taxable estate is over two million dollars,
1327 such tax return shall be filed with the Commissioner of Revenue
1328 Services and a copy of such return shall be filed with the court of
1329 probate for the district within which the decedent resided at the date
1330 of his or her death or, if the decedent died a nonresident of this state,
1331 the court of probate for the district within which such real property or
1332 tangible personal property is situated. If the decedent's Connecticut
1333 taxable estate is two million dollars or less, such return shall be filed
1334 with the court of probate for the district within which the decedent
1335 resided at the date of his or her death or, if the decedent died a
1336 nonresident of this state, the court of probate for the district within
1337 which such real property or tangible personal property is situated, and
1338 no such return shall be filed with the Commissioner of Revenue
1339 Services. The judge of probate for the district in which such return is
1340 filed shall review each such return and shall issue a written opinion to
1341 the estate representative in each case in which the judge determines
1342 that the estate is not subject to tax under this chapter.

1343 (E) A tax return shall be filed, in the case of every decedent who dies
1344 on or after January 1, 2018, but prior to January 1, 2019, and at the time
1345 of death was (i) a resident of this state, or (ii) a nonresident of this state
1346 whose gross estate includes any real property situated in this state or
1347 tangible personal property having an actual situs in this state. If the
1348 decedent's Connecticut taxable estate is over two million six hundred
1349 thousand dollars, such tax return shall be filed with the Commissioner
1350 of Revenue Services and a copy of such return shall be filed with the
1351 court of probate for the district within which the decedent resided at
1352 the date of his or her death or, if the decedent died a nonresident of
1353 this state, the court of probate for the district within which such real
1354 property or tangible personal property is situated. If the decedent's
1355 Connecticut taxable estate is two million six hundred thousand dollars
1356 or less, such return shall be filed with the court of probate for the
1357 district within which the decedent resided at the date of his or her
1358 death or, if the decedent died a nonresident of this state, the court of
1359 probate for the district within which such real property or tangible
1360 personal property is situated, and no such return shall be filed with the
1361 Commissioner of Revenue Services. The judge of probate for the
1362 district in which such return is filed shall review each such return and
1363 shall issue a written opinion to the estate representative in each case in
1364 which the judge determines that the estate is not subject to tax under
1365 this chapter.

1366 (F) A tax return shall be filed, in the case of every decedent who dies
1367 on or after January 1, 2019, but prior to January 1, 2020, and at the time
1368 of death was (i) a resident of this state, or (ii) a nonresident of this state
1369 whose gross estate includes any real property situated in this state or
1370 tangible personal property having an actual situs in this state. If the
1371 decedent's Connecticut taxable estate is over three million six hundred
1372 thousand dollars, such tax return shall be filed with the Commissioner
1373 of Revenue Services and a copy of such return shall be filed with the
1374 court of probate for the district within which the decedent resided at
1375 the date of his or her death or, if the decedent died a nonresident of
1376 this state, the court of probate for the district within which such real

1377 property or tangible personal property is situated. If the decedent's
1378 Connecticut taxable estate is three million six hundred thousand
1379 dollars or less, such return shall be filed with the court of probate for
1380 the district within which the decedent resided at the date of his or her
1381 death or, if the decedent died a nonresident of this state, the court of
1382 probate for the district within which such real property or tangible
1383 personal property is situated, and no such return shall be filed with the
1384 Commissioner of Revenue Services. The judge of probate for the
1385 district in which such return is filed shall review each such return and
1386 shall issue a written opinion to the estate representative in each case in
1387 which the judge determines that the estate is not subject to tax under
1388 this chapter.

1389 (G) A tax return shall be filed, in the case of every decedent who
1390 dies on or after January 1, 2020, and at the time of death was (i) a
1391 resident of this state, or (ii) a nonresident of this state whose gross
1392 estate includes any real property situated in this state or tangible
1393 personal property having an actual situs in this state. If the decedent's
1394 Connecticut taxable estate is over [the federal basic exclusion amount]
1395 five million four hundred ninety thousand dollars, such tax return
1396 shall be filed with the Commissioner of Revenue Services and a copy
1397 of such return shall be filed with the court of probate for the district
1398 within which the decedent resided at the date of his or her death or, if
1399 the decedent died a nonresident of this state, the court of probate for
1400 the district within which such real property or tangible personal
1401 property is situated. If the decedent's Connecticut taxable estate is
1402 equal to or less than [the federal basic exclusion amount] five million
1403 four hundred ninety thousand dollars, such return shall be filed with
1404 the court of probate for the district within which the decedent resided
1405 at the date of his or her death or, if the decedent died a nonresident of
1406 this state, the court of probate for the district within which such real
1407 property or tangible personal property is situated, and no such return
1408 shall be filed with the Commissioner of Revenue Services. The judge of
1409 probate for the district in which such return is filed shall review each
1410 such return and shall issue a written opinion to the estate

1411 representative in each case in which the judge determines that the
1412 estate is not subject to tax under this chapter.

1413 Sec. 17. Subsection (c) of section 12-391 of the 2018 supplement to
1414 the general statutes is repealed and the following is substituted in lieu
1415 thereof (*Effective from passage*):

1416 (c) For purposes of this section and section 12-392:

1417 (1) (A) "Connecticut taxable estate" means, with respect to the
1418 estates of decedents dying on or after January 1, 2005, but prior to
1419 January 1, 2010, (i) the gross estate less allowable deductions, as
1420 determined under Chapter 11 of the Internal Revenue Code, plus (ii)
1421 the aggregate amount of all Connecticut taxable gifts, as defined in
1422 section 12-643, made by the decedent for all calendar years beginning
1423 on or after January 1, 2005, but prior to January 1, 2010. The deduction
1424 for state death taxes paid under Section 2058 of said code shall be
1425 disregarded.

1426 (B) "Connecticut taxable estate" means, with respect to the estates of
1427 decedents dying on or after January 1, 2010, but prior to January 1,
1428 2015, (i) the gross estate less allowable deductions, as determined
1429 under Chapter 11 of the Internal Revenue Code, plus (ii) the aggregate
1430 amount of all Connecticut taxable gifts, as defined in section 12-643,
1431 made by the decedent for all calendar years beginning on or after
1432 January 1, 2005. The deduction for state death taxes paid under Section
1433 2058 of said code shall be disregarded.

1434 (C) "Connecticut taxable estate" means, with respect to the estates of
1435 decedents dying on or after January 1, 2015, (i) the gross estate less
1436 allowable deductions, as determined under Chapter 11 of the Internal
1437 Revenue Code, plus (ii) the aggregate amount of all Connecticut
1438 taxable gifts, as defined in section 12-643, made by the decedent for all
1439 calendar years beginning on or after January 1, 2005, other than
1440 Connecticut taxable gifts that are includable in the gross estate for
1441 federal estate tax purposes of the decedent, plus (iii) the amount of any
1442 tax paid to this state pursuant to section 12-642 by the decedent or the

1443 decedent's estate on any gift made by the decedent or the decedent's
1444 spouse during the three-year period preceding the date of the
1445 decedent's death. The deduction for state death taxes paid under
1446 Section 2058 of the Internal Revenue Code shall be disregarded.

1447 (2) "Internal Revenue Code" means the Internal Revenue Code of
1448 1986, or any subsequent corresponding internal revenue code of the
1449 United States, as amended from time to time, except in the event of
1450 repeal of the federal estate tax, then all references to the Internal
1451 Revenue Code in this section shall mean the Internal Revenue Code as
1452 in force on the day prior to the effective date of such repeal.

1453 (3) "Gross estate" means the gross estate, for federal estate tax
1454 purposes.

1455 [(4) "Federal basic exclusion amount" means the dollar amount
1456 published annually by the Internal Revenue Service at which a
1457 decedent would be required to file a federal estate tax return based on
1458 the value of the decedent's gross estate and federally taxable gifts.]

1459 Sec. 18. Section 12-643 of the 2018 supplement to the general statutes
1460 is repealed and the following is substituted in lieu thereof (*Effective*
1461 *from passage*):

1462 (1) "Taxable gifts" means the transfers by gift which are included in
1463 taxable gifts for federal gift tax purposes under Section 2503 and
1464 Sections 2511 to 2514, inclusive, and Sections 2516 to 2519, inclusive, of
1465 the Internal Revenue Code of 1986, or any subsequent corresponding
1466 internal revenue code of the United States, as amended from time to
1467 time, less the deductions allowed in Sections 2522 to 2524, inclusive, of
1468 said Internal Revenue Code, except in the event of repeal of the federal
1469 gift tax, then all references to the Internal Revenue Code in this section
1470 shall mean the Internal Revenue Code as in force on the day prior to
1471 the effective date of such repeal.

1472 (2) In the administration of the tax under this chapter, the
1473 Commissioner of Revenue Services shall apply the provisions of

1474 Sections 2701 to 2704, inclusive, of said Internal Revenue Code. The
1475 words "secretary or his delegate" as used in the aforementioned
1476 sections of the Internal Revenue Code means the Commissioner of
1477 Revenue Services.

1478 (3) "Connecticut taxable gifts" means taxable gifts made during a
1479 calendar year commencing on or after January 1, 2005, that are, (A) for
1480 residents of this state, taxable gifts, wherever located, but excepting
1481 gifts of real estate or tangible personal property located outside this
1482 state, and (B) for nonresidents of this state, gifts of real estate or
1483 tangible personal property located within this state.

1484 [(4) "Federal basic exclusion amount" means the dollar amount
1485 published annually by the Internal Revenue Service over which a
1486 donor would owe federal gift tax based on the value of the donor's
1487 lifetime federally taxable gifts.]

1488 Sec. 19. Subsection (a) of section 12-704 of the general statutes is
1489 repealed and the following is substituted in lieu thereof (*Effective from*
1490 *passage and applicable to taxable years commencing on or after January 1,*
1491 *2019*):

1492 (a) (1) Any resident or part-year resident of this state shall be
1493 allowed a credit against the tax otherwise due under this chapter in the
1494 amount of any income tax imposed on such resident or part-year
1495 resident for the taxable year by another state of the United States or a
1496 political subdivision thereof or the District of Columbia on income
1497 derived from sources therein and which is also subject to tax under
1498 this chapter.

1499 (2) In the case of a resident, the credit provided under this section
1500 shall not exceed the proportion of the tax otherwise due under this
1501 chapter that the amount of the taxpayer's Connecticut adjusted gross
1502 income derived from or connected with sources in the other taxing
1503 jurisdiction bears to such taxpayer's Connecticut adjusted gross
1504 income under this chapter. The provisions of this section shall also
1505 apply to resident trusts and estates and, wherever reference is made in

1506 this section to residents of this state, such reference shall be construed
1507 to include resident trusts and estates.

1508 (3) In the case of a part-year resident, the credit provided under this
1509 section shall not exceed the proportion of the tax otherwise due during
1510 the period of residency under this chapter that the amount of the
1511 taxpayer's Connecticut adjusted gross income derived from or
1512 connected with sources in the other jurisdiction during the period of
1513 residency bears to such taxpayer's Connecticut adjusted gross income
1514 during the period of residency under this chapter. The provisions of
1515 this section shall also apply to part-year resident trusts and, wherever
1516 reference is made in this section to part-year residents of this state,
1517 such reference shall be construed to include part-year resident trusts.

1518 (4) The allowance of the credit provided under this section shall not
1519 reduce the tax otherwise due under this chapter to an amount less than
1520 what would have been due if the income subject to taxation by such
1521 other jurisdiction were excluded from Connecticut adjusted gross
1522 income.

1523 (5) For purposes of this subsection, a tax on wages that is paid to
1524 another state of the United States or a political subdivision thereof or
1525 the District of Columbia by an employer on behalf of an employee and
1526 for which a credit is allowed by such other jurisdiction shall be
1527 considered an income tax and a comparable credit may be claimed by
1528 the resident or part-year resident, subject to the limitations set forth in
1529 this subsection, in the form and manner prescribed by the
1530 commissioner.

1531 Sec. 20. Subdivision (2) of subsection (b) of section 12-711 of the 2018
1532 supplement to the general statutes is repealed and the following is
1533 substituted in lieu thereof (*Effective from passage and applicable to taxable*
1534 *years commencing on or after January 1, 2019*):

1535 (2) (A) Before, on and after December 29, 2015, income from a
1536 business, trade, profession or occupation carried on in this state
1537 includes, but is not limited to, compensation paid to a nonresident

1538 natural person for rendering personal services as an employee in this
1539 state. For taxable years commencing on or after January 1, 2016,
1540 compensation for personal services rendered in this state by such
1541 nonresident employee who is present in this state for not more than
1542 fifteen days during a taxable year shall not constitute income derived
1543 from sources within this state. If a nonresident employee is present in
1544 this state for more than fifteen days during a taxable year, all
1545 compensation the employee receives for the rendering of all personal
1546 services in this state during the taxable year shall constitute income
1547 derived from sources within this state during the taxable year.

1548 (B) For purposes of determining whether a nonresident employee is
1549 "present in this state" under subparagraph (A) of this subdivision,
1550 presence in this state for any part of a day constitutes being present in
1551 this state for that entire day unless such presence is solely for the
1552 purpose of transit through this state. The provisions of this
1553 subparagraph shall not apply to subsection (c) of this section or to any
1554 other provision of law unless expressly provided.

1555 (C) For purposes of determining the compensation derived from or
1556 connected with sources within this state, a nonresident natural person
1557 shall include income from days worked outside this state for such
1558 person's convenience if such person's state of domicile uses a similar
1559 test.

1560 [(C)] (D) The provisions of this subdivision shall not apply to
1561 sources of income from a business, trade, profession, or occupation
1562 carried on in this state other than compensation for personal services
1563 rendered by a nonresident employee, and shall not apply to sources of
1564 income derived by an athlete, entertainer or performing artist,
1565 including, but not limited to, a member of an athletic team.

1566 Sec. 21. (*Effective from passage*) The Commissioner of Economic and
1567 Community Development shall conduct a study to identify best
1568 practices for marketing the benefits of qualified opportunity zones, as
1569 defined in 26 USC 1400Z-1, to increase investment in distressed census

1570 tracts and municipalities. Not later than January 1, 2019, the
 1571 commissioner shall submit the results of such study, in accordance
 1572 with the provisions of section 11-4a of the general statutes, to the joint
 1573 standing committees of the General Assembly having cognizance of
 1574 matters relating to commerce, finance, revenue and bonding and
 1575 municipalities."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2018</i>	New section
Sec. 2	<i>from passage and applicable to taxable years commencing on or after January 1, 2018</i>	New section
Sec. 3	<i>from passage</i>	12-719(b)(1)
Sec. 4	<i>from passage</i>	12-719(c)(1)
Sec. 5	<i>from passage and applicable to taxable years commencing on or after January 1, 2018</i>	12-726
Sec. 6	<i>from passage and applicable to taxable years commencing on or after January 1, 2018</i>	12-733(b)
Sec. 7	<i>from passage</i>	4-30a(a)
Sec. 8	<i>May 15, 2018</i>	3-20(aa)(1)
Sec. 9	<i>from passage</i>	3-114g
Sec. 10	<i>July 1, 2018</i>	New section
Sec. 11	<i>from passage and applicable to taxable years commencing on or after January 1, 2017</i>	12-701(a)(20)(A) and (B)
Sec. 12	<i>from passage</i>	12-217(b)
Sec. 13	<i>from passage and applicable to income years commencing on or after January 1, 2017</i>	12-217(a)

Sec. 14	<i>from passage</i>	12-391(g)
Sec. 15	<i>from passage</i>	12-642(a)
Sec. 16	<i>from passage</i>	12-392(b)(3)
Sec. 17	<i>from passage</i>	12-391(c)
Sec. 18	<i>from passage</i>	12-643
Sec. 19	<i>from passage and applicable to taxable years commencing on or after January 1, 2019</i>	12-704(a)
Sec. 20	<i>from passage and applicable to taxable years commencing on or after January 1, 2019</i>	12-711(b)(2)
Sec. 21	<i>from passage</i>	New section