
OLR Bill Analysis

HB 7375

AN ACT CONCERNING THE LEGISLATIVE COMMISSIONERS' RECOMMENDATIONS FOR TECHNICAL AND CONFORMING CHANGES TO THE TAX AND RELATED STATUTES.

SUMMARY

This bill makes various technical changes and corrections in the tax statutes. Among its changes, the bill reestablishes definitions of “federal basic exclusion amount” for purposes of the estate and gift tax laws and corrects a reference to the taxable threshold for filing estate tax returns with the revenue services commissioner.

Under the bill, the “federal basic exclusion amount” is the amount published annually by the Internal Revenue Service (1) at which a decedent would be required to file a federal estate tax return based on the value of his or her gross estate and federal taxable gifts, or for the gift tax, (2) over which a donor would owe federal gift tax based on the value of the donor's lifetime federally taxable gifts. The same definitions applied under prior law (see BACKGROUND).

EFFECTIVE DATE: October 1, 2019, except technical changes to provisions concerning recording certain tax revenue received at the end of the fiscal year (§ 16) and repealing an obsolete tax amnesty statute (§ 19) are effective upon passage.

BACKGROUND

2018 Estate and Gift Tax Threshold Changes

In 2017, the legislature enacted a law phasing in an increase of the estate and gift tax threshold from \$2 million to the federal threshold (i.e., federal basic exclusion amount) over three years, from 2018 to 2020 (PA 17-2, June Special Session, §§ 632-636). The federal Tax Cuts and Jobs Act of 2017 subsequently doubled the federal threshold to approximately \$11 million in 2018, after adjusting for inflation.

In 2018, the legislature amended the gift and estate threshold in two different public acts. PA 18-49, §§ 14-18, set the threshold at \$5.49 million beginning in 2020. PA 18-81, §§ 66-68, instead extended the phase-in to the federal threshold by three additional years, to 2023.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 50 Nay 0 (04/30/2019)