



General Assembly

January Session, 2019

Raised Bill No. 7411

LCO No. 6797



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT ESTABLISHING A PERSONAL INCOME TAX DEDUCTION FOR INDIVIDUAL HEALTH INSURANCE PREMIUM PAYMENTS.

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

1 Section 1. Subparagraph (B) of subdivision (20) of subsection (a) of
2 section 12-701 of the general statutes is repealed and the following is
3 substituted in lieu thereof (*Effective July 1, 2019, and applicable to taxable*
4 *years commencing on or after January 1, 2019*):

5 (B) There shall be subtracted therefrom:

6 (i) To the extent properly includable in gross income for federal
7 income tax purposes, any income with respect to which taxation by
8 any state is prohibited by federal law;

9 (ii) To the extent allowable under section 12-718, exempt dividends
10 paid by a regulated investment company;

11 (iii) To the extent properly includable in gross income for federal
12 income tax purposes, the amount of any refund or credit for

13 overpayment of income taxes imposed by this state, or any other state
14 of the United States or a political subdivision thereof, or the District of
15 Columbia;

16 (iv) To the extent properly includable in gross income for federal
17 income tax purposes and not otherwise subtracted from federal
18 adjusted gross income pursuant to clause (x) of this subparagraph in
19 computing Connecticut adjusted gross income, any tier 1 railroad
20 retirement benefits;

21 (v) To the extent any additional allowance for depreciation under
22 Section 168(k) of the Internal Revenue Code for property placed in
23 service after September 27, 2017, was added to federal adjusted gross
24 income pursuant to subparagraph (A)(ix) of this subdivision in
25 computing Connecticut adjusted gross income, twenty-five per cent of
26 such additional allowance for depreciation in each of the four
27 succeeding taxable years;

28 (vi) To the extent properly includable in gross income for federal
29 income tax purposes, any interest income from obligations issued by or
30 on behalf of the state of Connecticut, any political subdivision thereof,
31 or public instrumentality, state or local authority, district or similar
32 public entity created under the laws of the state of Connecticut;

33 (vii) To the extent properly includable in determining the net gain
34 or loss from the sale or other disposition of capital assets for federal
35 income tax purposes, any gain from the sale or exchange of obligations
36 issued by or on behalf of the state of Connecticut, any political
37 subdivision thereof, or public instrumentality, state or local authority,
38 district or similar public entity created under the laws of the state of
39 Connecticut, in the income year such gain was recognized;

40 (viii) Any interest on indebtedness incurred or continued to
41 purchase or carry obligations or securities the interest on which is
42 subject to tax under this chapter but exempt from federal income tax,
43 to the extent that such interest on indebtedness is not deductible in

44 determining federal adjusted gross income and is attributable to a
45 trade or business carried on by such individual;

46 (ix) Ordinary and necessary expenses paid or incurred during the
47 taxable year for the production or collection of income which is subject
48 to taxation under this chapter but exempt from federal income tax, or
49 the management, conservation or maintenance of property held for the
50 production of such income, and the amortizable bond premium for the
51 taxable year on any bond the interest on which is subject to tax under
52 this chapter but exempt from federal income tax, to the extent that
53 such expenses and premiums are not deductible in determining federal
54 adjusted gross income and are attributable to a trade or business
55 carried on by such individual;

56 (x) (I) For taxable years commencing prior to January 1, 2019, for a
57 person who files a return under the federal income tax as an
58 unmarried individual whose federal adjusted gross income for such
59 taxable year is less than fifty thousand dollars, or as a married
60 individual filing separately whose federal adjusted gross income for
61 such taxable year is less than fifty thousand dollars, or for [a husband
62 and wife] persons who file a return under the federal income tax as
63 married individuals filing jointly whose federal adjusted gross income
64 for such taxable year is less than sixty thousand dollars or a person
65 who files a return under the federal income tax as a head of household
66 whose federal adjusted gross income for such taxable year is less than
67 sixty thousand dollars, an amount equal to the Social Security benefits
68 includable for federal income tax purposes;

69 (II) For taxable years commencing prior to January 1, 2019, for a
70 person who files a return under the federal income tax as an
71 unmarried individual whose federal adjusted gross income for such
72 taxable year is fifty thousand dollars or more, or as a married
73 individual filing separately whose federal adjusted gross income for
74 such taxable year is fifty thousand dollars or more, or for [a husband
75 and wife] persons who file a return under the federal income tax as

76 married individuals filing jointly whose federal adjusted gross income
77 from such taxable year is sixty thousand dollars or more or for a
78 person who files a return under the federal income tax as a head of
79 household whose federal adjusted gross income for such taxable year
80 is sixty thousand dollars or more, an amount equal to the difference
81 between the amount of Social Security benefits includable for federal
82 income tax purposes and the lesser of twenty-five per cent of the Social
83 Security benefits received during the taxable year, or twenty-five per
84 cent of the excess described in Section 86(b)(1) of the Internal Revenue
85 Code;

86 (III) For the taxable year commencing January 1, 2019, and each
87 taxable year thereafter, for a person who files a return under the
88 federal income tax as an unmarried individual whose federal adjusted
89 gross income for such taxable year is less than seventy-five thousand
90 dollars, or as a married individual filing separately whose federal
91 adjusted gross income for such taxable year is less than seventy-five
92 thousand dollars, or for [a husband and wife] persons who file a return
93 under the federal income tax as married individuals filing jointly
94 whose federal adjusted gross income for such taxable year is less than
95 one hundred thousand dollars or a person who files a return under the
96 federal income tax as a head of household whose federal adjusted
97 gross income for such taxable year is less than one hundred thousand
98 dollars, an amount equal to the Social Security benefits includable for
99 federal income tax purposes; and

100 (IV) For the taxable year commencing January 1, 2019, and each
101 taxable year thereafter, for a person who files a return under the
102 federal income tax as an unmarried individual whose federal adjusted
103 gross income for such taxable year is seventy-five thousand dollars or
104 more, or as a married individual filing separately whose federal
105 adjusted gross income for such taxable year is seventy-five thousand
106 dollars or more, or for [a husband and wife] persons who file a return
107 under the federal income tax as married individuals filing jointly
108 whose federal adjusted gross income from such taxable year is one

109 hundred thousand dollars or more or for a person who files a return
110 under the federal income tax as a head of household whose federal
111 adjusted gross income for such taxable year is one hundred thousand
112 dollars or more, an amount equal to the difference between the
113 amount of Social Security benefits includable for federal income tax
114 purposes and the lesser of twenty-five per cent of the Social Security
115 benefits received during the taxable year, or twenty-five per cent of the
116 excess described in Section 86(b)(1) of the Internal Revenue Code;

117 (xi) To the extent properly includable in gross income for federal
118 income tax purposes, any amount rebated to a taxpayer pursuant to
119 section 12-746;

120 (xii) To the extent properly includable in the gross income for
121 federal income tax purposes of a designated beneficiary, any
122 distribution to such beneficiary from any qualified state tuition
123 program, as defined in Section 529(b) of the Internal Revenue Code,
124 established and maintained by this state or any official, agency or
125 instrumentality of the state;

126 (xiii) To the extent allowable under section 12-701a, contributions to
127 accounts established pursuant to any qualified state tuition program,
128 as defined in Section 529(b) of the Internal Revenue Code, established
129 and maintained by this state or any official, agency or instrumentality
130 of the state;

131 (xiv) To the extent properly includable in gross income for federal
132 income tax purposes, the amount of any Holocaust victims' settlement
133 payment received in the taxable year by a Holocaust victim;

134 (xv) To the extent properly includable in gross income for federal
135 income tax purposes of an account holder, as defined in section 31-
136 51ww, interest earned on funds deposited in the individual
137 development account, as defined in section 31-51ww, of such account
138 holder;

139 (xvi) To the extent properly includable in the gross income for
140 federal income tax purposes of a designated beneficiary, as defined in
141 section 3-123aa, interest, dividends or capital gains earned on
142 contributions to accounts established for the designated beneficiary
143 pursuant to the Connecticut Homecare Option Program for the Elderly
144 established by sections 3-123aa to 3-123ff, inclusive;

145 (xvii) To the extent properly includable in gross income for federal
146 income tax purposes, any income received from the United States
147 government as retirement pay for a retired member of (I) the Armed
148 Forces of the United States, as defined in Section 101 of Title 10 of the
149 United States Code, or (II) the National Guard, as defined in Section
150 101 of Title 10 of the United States Code;

151 (xviii) To the extent properly includable in gross income for federal
152 income tax purposes for the taxable year, any income from the
153 discharge of indebtedness in connection with any reacquisition, after
154 December 31, 2008, and before January 1, 2011, of an applicable debt
155 instrument or instruments, as those terms are defined in Section 108 of
156 the Internal Revenue Code, as amended by Section 1231 of the
157 American Recovery and Reinvestment Act of 2009, to the extent any
158 such income was added to federal adjusted gross income pursuant to
159 subparagraph (A)(xi) of this subdivision in computing Connecticut
160 adjusted gross income for a preceding taxable year;

161 (xix) To the extent not deductible in determining federal adjusted
162 gross income, the amount of any contribution to a manufacturing
163 reinvestment account established pursuant to section 32-9zz in the
164 taxable year that such contribution is made;

165 (xx) To the extent properly includable in gross income for federal
166 income tax purposes, (I) for the taxable year commencing January 1,
167 2015, ten per cent of the income received from the state teachers'
168 retirement system, (II) for the taxable years commencing January 1,
169 2016, January 1, 2017, and January 1, 2018, twenty-five per cent of the

170 income received from the state teachers' retirement system, and (III)
171 for the taxable year commencing January 1, 2019, and each taxable year
172 thereafter, fifty per cent of the income received from the state teachers'
173 retirement system or the percentage, if applicable, pursuant to clause
174 (xxi) of this subparagraph;

175 (xxi) To the extent properly includable in gross income for federal
176 income tax purposes, except for retirement benefits under clause (iv) of
177 this subparagraph and retirement pay under clause (xvii) of this
178 subparagraph, for a person who files a return under the federal income
179 tax as an unmarried individual whose federal adjusted gross income
180 for such taxable year is less than seventy-five thousand dollars, or as a
181 married individual filing separately whose federal adjusted gross
182 income for such taxable year is less than seventy-five thousand dollars,
183 or as a head of household whose federal adjusted gross income for
184 such taxable year is less than seventy-five thousand dollars, or for [a
185 husband and wife] persons who file a return under the federal income
186 tax as married individuals filing jointly whose federal adjusted gross
187 income for such taxable year is less than one hundred thousand
188 dollars, (I) for the taxable year commencing January 1, 2019, fourteen
189 per cent of any pension or annuity income, (II) for the taxable year
190 commencing January 1, 2020, twenty-eight per cent of any pension or
191 annuity income, (III) for the taxable year commencing January 1, 2021,
192 forty-two per cent of any pension or annuity income, (IV) for the
193 taxable year commencing January 1, 2022, fifty-six per cent of any
194 pension or annuity income, (V) for the taxable year commencing
195 January 1, 2023, seventy per cent of any pension or annuity income,
196 (VI) for the taxable year commencing January 1, 2024, eighty-four per
197 cent of any pension or annuity income, and (VII) for the taxable year
198 commencing January 1, 2025, and each taxable year thereafter, any
199 pension or annuity income;

200 (xxii) The amount of lost wages and medical, travel and housing
201 expenses, not to exceed ten thousand dollars in the aggregate, incurred
202 by a taxpayer during the taxable year in connection with the donation

203 to another person of an organ for organ transplantation occurring on
204 or after January 1, 2017;

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

210 (xxiv) To the extent properly includable in gross income for federal
211 income tax purposes, the amount calculated pursuant to subsection (b)
212 of section 12-704g for income received by a general partner of a
213 venture capital fund, as defined in 17 CFR 275.203(l)-1, as amended
214 from time to time; [and]

215 (xxv) To the extent any portion of a deduction under Section 179 of
216 the Internal Revenue Code was added to federal adjusted gross income
217 pursuant to subparagraph (A)(xiv) of this subdivision in computing
218 Connecticut adjusted gross income, twenty-five per cent of such
219 disallowed portion of the deduction in each of the four succeeding
220 taxable years; and

221 (xxvi) For the taxable year commencing January 1, 2019, the amount
222 of premiums actually paid by a taxpayer in a taxable year, not to
223 exceed five thousand dollars, for an individual health insurance policy
224 providing coverage of the type specified in subdivisions (1), (2), (4),
225 (11) and (12) of section 38a-469 in this state, including a qualified
226 health plan, as defined in section 38a-1080, purchased through the
227 Connecticut Health Insurance Exchange established under section 38a-
228 1081. In the case of any persons who file a return under the federal
229 income tax for a taxable year as married individuals filing a joint
230 return, the deduction allowed, in the aggregate, shall not exceed such
231 amount for a taxable year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2019, and applicable to taxable years commencing on or after January 1, 2019</i>	12-701(a)(20)(B)

Statement of Purpose:

To establish a personal income tax deduction for premiums paid for individual health insurance policies.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]