General Assembly

Raised Bill No. 5099

February Session, 2020

LCO No. 1163

Referred to Committee on AGING

Introduced by:
(AGE)

AN ACT CONCERNING AN INCOME TAX DEDUCTION FOR LONG-TERM CARE INSURANCE PREMIUMS.

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

Section 1. Subparagraph (B) of subdivision (20) of subsection (a) of section 12-701 of the 2020 supplement to the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage and applicable to taxable years commencing on or after January 1, 2020):

(B) There shall be subtracted therefrom:

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

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

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

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

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

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

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

(viii) Any interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest on which is subject to tax under this chapter but exempt from federal income tax, to the extent that such interest on indebtedness is not deductible in determining federal adjusted gross income and is attributable to a trade or business carried on by such individual;
(ix) Ordinary and necessary expenses paid or incurred during the taxable year for the production or collection of income which is subject to taxation under this chapter but exempt from federal income tax, or the management, conservation or maintenance of property held for the production of such income, and the amortizable bond premium for the taxable year on any bond the interest on which is subject to tax under this chapter but exempt from federal income tax, to the extent that such expenses and premiums are not deductible in determining federal adjusted gross income and are attributable to a trade or business carried on by such individual;

(x) (I) For taxable years commencing prior to January 1, 2019, for a person who files a return under the federal income tax as an unmarried individual whose federal adjusted gross income for such taxable year is less than fifty thousand dollars, or as a married individual filing separately whose federal adjusted gross income for such taxable year is less than fifty thousand dollars, or for a husband and wife who file a return under the federal income tax as married individuals filing jointly whose federal adjusted gross income for such taxable year is less than sixty thousand dollars or a person who files a return under the federal income tax as a head of household whose federal adjusted gross income for such taxable year is less than sixty thousand dollars, an amount equal to the Social Security benefits includable for federal income tax purposes;

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

(III) For the taxable year commencing January 1, 2019, and each
taxable year thereafter, for a person who files a return under the federal
income tax as an unmarried individual whose federal adjusted gross
income for such taxable year is less than seventy-five thousand dollars,
or as a married individual filing separately whose federal adjusted gross
income for such taxable year is less than seventy-five thousand dollars,
or for a husband and wife who file a return under the federal income tax
as married individuals filing jointly whose federal adjusted gross
income for such taxable year is less than one hundred thousand dollars
or a person who files a return under the federal income tax as a head of
household whose federal adjusted gross income for such taxable year is
less than one hundred thousand dollars, an amount equal to the Social
Security benefits includable for federal income tax purposes; and

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

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

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

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

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

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

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

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

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

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

(xx) To the extent properly includable in gross income for federal
income tax purposes, (I) for the taxable year commencing January 1,
2015, ten per cent of the income received from the state teachers' 
retirement system, (II) for the taxable years commencing January 1,
2016, to January 1, 2020, inclusive, twenty-five per cent of the income
received from the state teachers' retirement system, and (III) for the
taxable year commencing January 1, 2021, and each taxable year
thereafter, fifty per cent of the income received from the state teachers'
retirement system or the percentage, if applicable, pursuant to clause
(xxi) of this subparagraph;

(xxi) To the extent properly includable in gross income for federal
income tax purposes, except for retirement benefits under clause (iv) of
this subparagraph and retirement pay under clause (xvii) of this
paragraph, for a person who files a return under the federal income
tax as an unmarried individual whose federal adjusted gross income for
such taxable year is less than seventy-five thousand dollars, or as a
married individual filing separately whose federal adjusted gross
income for such taxable year is less than seventy-five thousand dollars,
or as a head of household whose federal adjusted gross income for such
taxable year is less than seventy-five thousand dollars, or for a husband
and wife who file a return under the federal income tax as married
individuals filing jointly whose federal adjusted gross income for such
taxable year is less than one hundred thousand dollars, (I) for the taxable
year commencing January 1, 2019, fourteen per cent of any pension or
annuity income, (II) for the taxable year commencing January 1, 2020,
twenty-eight per cent of any pension or annuity income, (III) for the
taxable year commencing January 1, 2021, forty-two per cent of any
pension or annuity income, (IV) for the taxable year commencing
January 1, 2022, fifty-six per cent of any pension or annuity income, (V)
for the taxable year commencing January 1, 2023, seventy per cent of any
pension or annuity income, (VI) for the taxable year commencing
January 1, 2024, eighty-four per cent of any pension or annuity income,
and (VII) for the taxable year commencing January 1, 2025, and each
taxable year thereafter, any pension or annuity income;

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

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

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

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

(xxvi) For the taxable year commencing January 1, 2020, and each taxable year thereafter, the amount of any premiums paid in the taxable year for a long-term care insurance policy issued or regulated pursuant to section 38a-475, 38a-501 or 38a-528.

This act shall take effect as follows and shall amend the following sections:

| Section 1 | from passage and applicable to taxable years commencing on or after January 1, 2020 | 12-701(a)(20)(B) |

Statement of Purpose:
To encourage the purchase of long-term care insurance.

[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.]