



General Assembly

Substitute Bill No. 5487

February Session, 2022



AN ACT CONCERNING THE PROPERTY TAX CREDIT AGAINST THE PERSONAL INCOME TAX.

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

1 Section 1. Section 12-704c of the 2022 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2022, and applicable to taxable years commencing on or after*
4 *January 1, 2022*):

5 (a) Any resident of this state, as defined in subdivision (1) of
6 subsection (a) of section 12-701, subject to the tax under this chapter for
7 any taxable year shall be entitled to a credit in determining the amount
8 of tax liability under this chapter, for all or a portion, as permitted by
9 this section, of the amount of property tax, as defined in this section, first
10 becoming due and actually paid during such taxable year by such
11 person on such person's primary residence or motor vehicle in
12 accordance with the provisions of this section, provided in the case of a
13 person who files a return under the federal income tax for such taxable
14 year as an unmarried individual, a married individual filing separately
15 or a head of household, one motor vehicle shall be eligible for such
16 credit and in the case of a husband and wife who file a return under
17 federal income tax for such taxable year as married individuals filing
18 jointly, no more than two motor vehicles shall be eligible for a credit
19 under the provisions of this section.

20 (b) (1) The credit allowed under this section shall not exceed (A) for
21 taxable years commencing on or after January 1, 2011, but prior to
22 January 1, 2016, three hundred dollars; [and] (B) for taxable years
23 commencing on or after January 1, 2016, but prior to January 1, 2022,
24 two hundred dollars; (C) for the taxable year commencing January 1,
25 2022, four hundred dollars; and (D) for taxable years commencing on or
26 after January 1, 2023, the amount as adjusted pursuant to subdivision
27 (2) of this subsection, as applicable. In the case of any husband and wife
28 who file a return under the federal income tax for such taxable year as
29 married individuals filing a joint return, the credit allowed, in the
30 aggregate, shall not exceed such amount for each such taxable year.

31 (2) (A) For the taxable year commencing January 1, 2023, the amount
32 of the credit set forth in subparagraph (C) of subdivision (1) of this
33 subsection shall be adjusted by the percentage increase in inflation and
34 rounded to the nearest dollar.

35 (B) For taxable years commencing on or after January 1, 2024, the
36 amount of the credit calculated for the preceding taxable year shall be
37 adjusted annually by the percentage increase in inflation and rounded
38 to the nearest dollar.

39 ~~[(2)]~~ (3) Notwithstanding the provisions of subsection (a) of this
40 section, for the taxable years commencing January 1, 2017, to January 1,
41 ~~[2022]~~ 2021, inclusive, the credit under this section shall be allowed only
42 for a resident of this state (A) who has attained age sixty-five before the
43 close of the applicable taxable year, or (B) who files a return under the
44 federal income tax for the applicable taxable year validly claiming one
45 or more dependents.

46 (c) (1) (A) For taxable years commencing on or after January 1, 2011,
47 but prior to January 1, 2013, in the case of any such taxpayer who files
48 under the federal income tax for such taxable year as an unmarried
49 individual whose Connecticut adjusted gross income exceeds fifty-six
50 thousand five hundred dollars, the amount of the credit shall be reduced
51 by fifteen per cent for each ten thousand dollars, or fraction thereof, by

52 which the taxpayer's Connecticut adjusted gross income exceeds said
53 amount.

54 (B) For taxable years commencing on or after January 1, 2013, but
55 prior to January 1, 2014, in the case of any such taxpayer who files under
56 the federal income tax for such taxable year as an unmarried individual
57 whose Connecticut adjusted gross income exceeds sixty thousand five
58 hundred dollars, the amount of the credit shall be reduced by fifteen per
59 cent for each ten thousand dollars, or fraction thereof, by which the
60 taxpayer's Connecticut adjusted gross income exceeds said amount.

61 (C) For taxable years commencing on or after January 1, 2014, but
62 prior to January 1, 2016, in the case of any such taxpayer who files under
63 the federal income tax for such taxable year as an unmarried individual
64 whose Connecticut adjusted gross income exceeds forty-seven thousand
65 five hundred dollars, the amount of the credit shall be reduced by fifteen
66 per cent for each ten thousand dollars, or fraction thereof, by which the
67 taxpayer's Connecticut adjusted gross income exceeds said amount.

68 (D) For taxable years commencing on or after January 1, 2016, in the
69 case of any such taxpayer who files under the federal income tax for
70 such taxable year as an unmarried individual whose Connecticut
71 adjusted gross income exceeds forty-nine thousand five hundred
72 dollars, the amount of the credit shall be reduced by fifteen per cent for
73 each ten thousand dollars, or fraction thereof, by which the taxpayer's
74 Connecticut adjusted gross income exceeds said amount.

75 (2) In the case of any such taxpayer who files under the federal
76 income tax for such taxable year as a married individual filing
77 separately whose Connecticut adjusted gross income exceeds thirty-five
78 thousand two hundred fifty dollars, the amount of the credit shall be
79 reduced by fifteen per cent for each five thousand dollars, or fraction
80 thereof, by which the taxpayer's Connecticut adjusted gross income
81 exceeds said amount.

82 (3) In the case of a taxpayer who files under the federal income tax

83 for such taxable year as a head of household whose Connecticut
84 adjusted gross income exceeds fifty-four thousand five hundred dollars,
85 the amount of the credit shall be reduced by fifteen per cent for each ten
86 thousand dollars or fraction thereof, by which the taxpayer's
87 Connecticut adjusted gross income exceeds said amount.

88 (4) In the case of a taxpayer who files under federal income tax for
89 such taxable year as married individuals filing jointly whose
90 Connecticut adjusted gross income exceeds [seventy thousand five
91 hundred] eighty thousand dollars, the amount of the credit shall be
92 reduced by fifteen per cent for each [ten] twenty thousand dollars, or
93 fraction thereof, by which the taxpayer's Connecticut adjusted gross
94 income exceeds said amount.

95 (5) (A) For the taxable year commencing January 1, 2023, the
96 Connecticut adjusted gross income thresholds set forth in subparagraph
97 (D) of subdivision (1) of this subsection and subdivisions (2) to (4),
98 inclusive, of this subsection shall be adjusted by the percentage increase
99 in inflation and rounded to the nearest dollar.

100 (B) For taxable years commencing on or after January 1, 2024, the
101 income thresholds calculated for the preceding taxable year shall be
102 adjusted annually by the percentage increase in inflation and rounded
103 to the nearest dollar.

104 (d) (1) Notwithstanding the provisions of subsections (b) and (c) of
105 this section, for taxable years commencing on or after January 1, 2021,
106 for any taxpayer who paid the conveyance tax on real property at the
107 rate prescribed by subparagraph (C)(ii) of subdivision (2) of subsection
108 (b) of section 12-494, the credit allowed under this section shall not
109 exceed thirty-three and one-third per cent of the amount of the
110 conveyance tax paid at such rate, in each of the three taxable years next
111 succeeding the second taxable year after the taxable year in which such
112 conveyance tax was paid. For any taxable year such taxpayer claims the
113 credit or portion thereof under this subsection, such credit shall be in
114 lieu of any credit such taxpayer may be eligible to claim under

115 subsection (b) or (c) of this section.

116 (2) If any credit allowed under this subsection or portion thereof is
117 not used because the amount of the credit exceeds the tax due and owing
118 by the taxpayer or the amount of property tax paid by the taxpayer, the
119 unused amount may be carried forward to each of the successive taxable
120 years until such amount is fully taken, except that in no event may any
121 amount of the credit be carried forward for a period of more than six
122 taxable years.

123 (e) The credit allowed under [this] subsection (b) of this section shall
124 be available for any person leasing a motor vehicle pursuant to a written
125 agreement for a term of more than one year. Such lessee shall be entitled
126 to the credit in accordance with the provisions of this section for the
127 taxes actually paid by the lessor or lessee on such leased vehicle,
128 provided the lessee was lawfully in possession of the motor vehicle at
129 such time when the taxes first became due. The lessor shall provide the
130 lessee with documentation establishing, to the satisfaction of the
131 Commissioner of Revenue Services, the amount of property tax paid
132 during the time period in which the lessee was lawfully in possession of
133 the motor vehicle. The lessor of the motor vehicle shall not be entitled to
134 a credit under the provisions of this section.

135 (f) [The credit may only be used to reduce a qualifying taxpayer's tax
136 liability for the year for which such credit is applicable and shall not be
137 used to reduce such tax liability to less than zero] If the amount of the
138 credit allowed under subsection (b) of this section exceeds the taxpayer's
139 liability for the tax imposed under this chapter, the Commissioner of
140 Revenue Services shall treat such excess as an overpayment and, except
141 as provided under section 12-739 or 12-742, shall refund the amount of
142 such excess, without interest, to the taxpayer.

143 (g) The amount of tax due pursuant to sections 12-705 and 12-722
144 shall be calculated without regard to [this] the credit allowed under
145 subsection (b) of this section.

146 (h) For the purposes of this section:

147 (1) "Property tax" means the amount of property tax exclusive of any
148 interest, fees or charges thereon for which a taxpayer is liable, or in the
149 case of any husband and wife who file a return under the federal income
150 tax for such taxable year as married individuals filing a joint return, for
151 which the husband or wife or both are liable, to a Connecticut political
152 subdivision on the taxpayer's primary residence or motor vehicles;

153 (2) ["motor vehicle"] "Motor vehicle" means a motor vehicle, as
154 defined in section 14-1, that is privately owned or leased; [and]

155 (3) "Increase in inflation" means the increase in the consumer price
156 index for all urban consumers during the preceding year, calculated on
157 an August over August basis, using data reported by the United States
158 Bureau of Labor Statistics; and

159 [(3) property] (4) Property tax first becomes due, if due and payable
160 in a single installment, on the date designated by the legislative body of
161 the municipality as the date on which such installment shall be due and
162 payable and, if due and payable in two or more installments, on the date
163 designated by the legislative body of the municipality as the date on
164 which such installment shall be due and payable or, at the election of
165 the taxpayer, on the date designated by the legislative body of the
166 municipality as the date on which any earlier installment of such tax
167 shall be due and payable.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2022, and applicable to taxable years commencing on or after January 1, 2022</i>	12-704c

Statement of Legislative Commissioners:
Subsecs. (b)(1)(C), (b)(2)(A) and (c)(5)(A) were rewritten for conciseness.

FIN *Joint Favorable Subst. -LCO*