



# House of Representatives

General Assembly

**File No. 21**

January Session, 2023

House Bill No. 6011

*House of Representatives, March 7, 2023*

The Committee on Veterans' and Military Affairs reported through REP. NOLAN of the 39th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

***AN ACT ESTABLISHING A PERSONAL INCOME TAX DEDUCTION FOR MILITARY FUNERAL HONOR GUARD DETAIL COMPENSATION.***

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2 section 12-701 of the general statutes is repealed and the following is  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, 2023, and applicable to taxable*  
4 *years commencing on or after January 1, 2023*):

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

40 (viii) Any interest on indebtedness incurred or continued to purchase  
41 or carry obligations or securities the interest on which is subject to tax  
42 under this chapter but exempt from federal income tax, to the extent that  
43 such interest on indebtedness is not deductible in determining federal  
44 adjusted gross income and is attributable to a trade or business carried

45 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 such  
53 expenses and premiums are not deductible in determining federal  
54 adjusted gross income and are attributable to a trade or business carried  
55 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 unmarried  
58 individual whose federal adjusted gross income for such taxable year is  
59 less than fifty thousand dollars, or as a married individual filing  
60 separately whose federal adjusted gross income for such taxable year is  
61 less than fifty thousand dollars, or for a husband and wife who file a  
62 return under the federal income tax as married individuals filing jointly  
63 whose federal adjusted gross income for such taxable year is less than  
64 sixty thousand dollars or a person who files a return under the federal  
65 income tax as a head of household whose federal adjusted gross income  
66 for such taxable year is less than sixty thousand dollars, an amount  
67 equal to the Social Security benefits includable for federal income tax  
68 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 unmarried  
71 individual whose federal adjusted gross income for such taxable year is  
72 fifty thousand dollars or more, or as a married individual filing  
73 separately whose federal adjusted gross income for such taxable year is  
74 fifty thousand dollars or more, or for a husband and wife who file a  
75 return under the federal income tax as married individuals filing jointly  
76 whose federal adjusted gross income from such taxable year is sixty  
77 thousand dollars or more or for a person who files a return under the

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

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

98 (IV) For the taxable year commencing January 1, 2019, and each  
99 taxable year thereafter, for a person who files a return under the federal  
100 income tax as an unmarried individual whose federal adjusted gross  
101 income for such taxable year is seventy-five thousand dollars or more,  
102 or as a married individual filing separately whose federal adjusted gross  
103 income for such taxable year is seventy-five thousand dollars or more,  
104 or for a husband and wife who file a return under the federal income tax  
105 as married individuals filing jointly whose federal adjusted gross  
106 income from such taxable year is one hundred thousand dollars or more  
107 or for a person who files a return under the federal income tax as a head  
108 of household whose federal adjusted gross income for such taxable year  
109 is one hundred thousand dollars or more, an amount equal to the  
110 difference between the amount of Social Security benefits includable for  
111 federal income tax purposes and the lesser of twenty-five per cent of the

112 Social Security benefits received during the taxable year, or twenty-five  
113 per cent of the excess described in Section 86(b)(1) of the Internal  
114 Revenue Code;

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

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

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

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

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

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

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

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

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

163 (xx) To the extent properly includable in gross income for federal  
164 income tax purposes, (I) for the taxable year commencing January 1,  
165 2015, ten per cent of the income received from the state teachers'  
166 retirement system, (II) for the taxable years commencing January 1,  
167 2016, to January 1, 2020, inclusive, twenty-five per cent of the income  
168 received from the state teachers' retirement system, and (III) for the  
169 taxable year commencing January 1, 2021, and each taxable year  
170 thereafter, fifty per cent of the income received from the state teachers'  
171 retirement system or, for a taxpayer whose federal adjusted gross  
172 income does not exceed the applicable threshold under clause (xxi) of  
173 this subparagraph, the percentage pursuant to said clause of the income  
174 received from the state teachers' retirement system, whichever  
175 deduction is greater;

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

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

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

206 (xxiv) To the extent properly includable in gross income for federal  
207 income tax purposes, the amount calculated pursuant to subsection (b)  
208 of section 12-704g for income received by a general partner of a venture

209 capital fund, as defined in 17 CFR 275.203(l)-1, as amended from time to  
210 time;

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

217 (xxvi) To the extent properly includable in gross income for federal  
218 income tax purposes, for a person who files a return under the federal  
219 income tax as an unmarried individual whose federal adjusted gross  
220 income for such taxable year is less than seventy-five thousand dollars,  
221 or as a married individual filing separately whose federal adjusted gross  
222 income for such taxable year is less than seventy-five thousand dollars,  
223 or as a head of household whose federal adjusted gross income for such  
224 taxable year is less than seventy-five thousand dollars, or for a husband  
225 and wife who file a return under the federal income tax as married  
226 individuals filing jointly whose federal adjusted gross income for such  
227 taxable year is less than one hundred thousand dollars, (I) for the taxable  
228 year commencing January 1, 2023, twenty-five per cent of any  
229 distribution from an individual retirement account other than a Roth  
230 individual retirement account, (II) for the taxable year commencing  
231 January 1, 2024, fifty per cent of any distribution from an individual  
232 retirement account other than a Roth individual retirement account, (III)  
233 for the taxable year commencing January 1, 2025, seventy-five per cent  
234 of any distribution from an individual retirement account other than a  
235 Roth individual retirement account, and (IV) for the taxable year  
236 commencing January 1, 2026, and each taxable year thereafter, any  
237 distribution from an individual retirement account other than a Roth  
238 individual retirement account; [and]

239 (xxvii) To the extent properly includable in gross income for federal  
240 income tax purposes, for the taxable year commencing January 1, 2022,  
241 the amount or amounts paid or otherwise credited to any eligible



242 resident of this state under (I) the 2020 Earned Income Tax Credit  
 243 enhancement program from funding allocated to the state through the  
 244 Coronavirus Relief Fund established under the Coronavirus Aid, Relief,  
 245 and Economic Security Act, P.L. 116-136, and (II) the 2021 Earned  
 246 Income Tax Credit enhancement program from funding allocated to the  
 247 state pursuant to Section 9901 of Subtitle M of Title IX of the American  
 248 Rescue Plan Act of 2021, P.L. 117-2; and

249 (xxviii) To the extent properly includable in gross income for federal  
 250 income tax purposes, the amount of any compensation received for  
 251 attending a funeral as a member of an honor guard detail pursuant to  
 252 section 27-76.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2023, and applicable to taxable years commencing on or after January 1, 2023</i>	12-701(a)(20)(B)

**VA**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Revenue Serv., Dept.	GF - Revenue Loss	25,000	25,000

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill, which establishes a state income tax exemption for certain honor guard compensation, results in a General Fund revenue loss of approximately \$25,000 annually beginning in FY 24.

From FY 19 through FY 22, honor guard detail compensation averaged \$432,950 annually.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to fluctuation in honor guard compensation.

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**OLR Bill Analysis**

**HB 6011**

**AN ACT ESTABLISHING A PERSONAL INCOME TAX DEDUCTION FOR MILITARY FUNERAL HONOR GUARD DETAIL COMPENSATION.**

**SUMMARY**

This bill exempts from the state income tax compensation for honor guard detail at a veteran’s funeral. (An honor guard detail has up to five members, plus a bugler, each of whom are paid \$60 per day (CGS § 27-76).)

EFFECTIVE DATE: July 1, 2023, and applicable to tax years beginning on or after January 1, 2023.

**COMMITTEE ACTION**

Veterans' and Military Affairs Committee

Joint Favorable

Yea 19 Nay 0 (02/16/2023)