



General Assembly

January Session, 2023

Raised Bill No. 6934

LCO No. 6599



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT MAKING ADJUSTMENTS TO THE PERSONAL INCOME AND THE EARNED INCOME TAX CREDIT AND CONCERNING THE HUMAN CAPITAL INVESTMENT TAX CREDIT, TAX GAP REPORTING AND THE TAX INCIDENCE REPORT.

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

1 Section 1. Subsection (a) of section 12-700 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective January*
3 *1, 2024*):

4 (a) There is hereby imposed on the Connecticut taxable income of
5 each resident of this state a tax:

6 (1) At the rate of four and one-half per cent of such Connecticut
7 taxable income for taxable years commencing on or after January 1,
8 1992, and prior to January 1, 1996.

9 (2) For taxable years commencing on or after January 1, 1996, but
10 prior to January 1, 1997, in accordance with the following schedule:

11 (A) For any person who files a return under the federal income tax

12 for such taxable year as an unmarried individual or as a married
13 individual filing separately:

T1	Connecticut Taxable Income	Rate of Tax
T2	Not over \$2,250	3.0%
T3	Over \$2,250	\$67.50, plus 4.5% of the
T4		excess over \$2,250

14 (B) For any person who files a return under the federal income tax for
15 such taxable year as a head of household, as defined in Section 2(b) of
16 the Internal Revenue Code:

T5	Connecticut Taxable Income	Rate of Tax
T6	Not over \$3,500	3.0%
T7	Over \$3,500	\$105.00, plus 4.5% of the
T8		excess over \$3,500

17 (C) For any husband and wife who file a return under the federal
18 income tax for such taxable year as married individuals filing jointly or
19 a person who files a return under the federal income tax as a surviving
20 spouse, as defined in Section 2(a) of the Internal Revenue Code:

T9	Connecticut Taxable Income	Rate of Tax
T10	Not over \$4,500	3.0%
T11	Over \$4,500	\$135.00, plus 4.5% of the
T12		excess over \$4,500

21 (D) For trusts or estates, the rate of tax shall be 4.5% of their
22 Connecticut taxable income.

23 (3) For taxable years commencing on or after January 1, 1997, but
24 prior to January 1, 1998, in accordance with the following schedule:

25 (A) For any person who files a return under the federal income tax

26 for such taxable year as an unmarried individual or as a married
27 individual filing separately:

T13	Connecticut Taxable Income	Rate of Tax
T14	Not over \$6,250	3.0%
T15	Over \$6,250	\$187.50, plus 4.5% of the
T16		excess over \$6,250

28 (B) For any person who files a return under the federal income tax for
29 such taxable year as a head of household, as defined in Section 2(b) of
30 the Internal Revenue Code:

T17	Connecticut Taxable Income	Rate of Tax
T18	Not over \$10,000	3.0%
T19	Over \$10,000	\$300.00, plus 4.5% of the
T20		excess over \$10,000

31 (C) For any husband and wife who file a return under the federal
32 income tax for such taxable year as married individuals filing jointly or
33 any person who files a return under the federal income tax for such
34 taxable year as a surviving spouse, as defined in Section 2(a) of the
35 Internal Revenue Code:

T21	Connecticut Taxable Income	Rate of Tax
T22	Not over \$12,500	3.0%
T23	Over \$12,500	\$375.00, plus 4.5% of the
T24		excess over \$12,500

36 (D) For trusts or estates, the rate of tax shall be 4.5% of their
37 Connecticut taxable income.

38 (4) For taxable years commencing on or after January 1, 1998, but
39 prior to January 1, 1999, in accordance with the following schedule:

40 (A) For any person who files a return under the federal income tax

41 for such taxable year as an unmarried individual or as a married
42 individual filing separately:

T25	Connecticut Taxable Income	Rate of Tax
T26	Not over \$7,500	3.0%
T27	Over \$7,500	\$225.00, plus 4.5% of the
T28		excess over \$7,500

43 (B) For any person who files a return under the federal income tax for
44 such taxable year as a head of household, as defined in Section 2(b) of
45 the Internal Revenue Code:

T29	Connecticut Taxable Income	Rate of Tax
T30	Not over \$12,000	3.0%
T31	Over \$12,000	\$360.00, plus 4.5% of the
T32		excess over \$12,000

46 (C) For any husband and wife who file a return under the federal
47 income tax for such taxable year as married individuals filing jointly or
48 any person who files a return under the federal income tax for such
49 taxable year as a surviving spouse, as defined in Section 2(a) of the
50 Internal Revenue Code:

T33	Connecticut Taxable Income	Rate of Tax
T34	Not over \$15,000	3.0%
T35	Over \$15,000	\$450.00, plus 4.5% of the
T36		excess over \$15,000

51 (D) For trusts or estates, the rate of tax shall be 4.5% of their
52 Connecticut taxable income.

53 (5) For taxable years commencing on or after January 1, 1999, but
54 prior to January 1, 2003, in accordance with the following schedule:

55 (A) For any person who files a return under the federal income tax
56 for such taxable year as an unmarried individual or as a married
57 individual filing separately:

T37	Connecticut Taxable Income	Rate of Tax
T38	Not over \$10,000	3.0%
T39	Over \$10,000	\$300.00, plus 4.5% of the
T40		excess over \$10,000

58 (B) For any person who files a return under the federal income tax for
59 such taxable year as a head of household, as defined in Section 2(b) of
60 the Internal Revenue Code:

T41	Connecticut Taxable Income	Rate of Tax
T42	Not over \$16,000	3.0%
T43	Over \$16,000	\$480.00, plus 4.5% of the
T44		excess over \$16,000

61 (C) For any husband and wife who file a return under the federal
62 income tax for such taxable year as married individuals filing jointly or
63 any person who files a return under the federal income tax for such
64 taxable year as a surviving spouse, as defined in Section 2(a) of the
65 Internal Revenue Code:

T45	Connecticut Taxable Income	Rate of Tax
T46	Not over \$20,000	3.0%
T47	Over \$20,000	\$600.00, plus 4.5% of the
T48		excess over \$20,000

66 (D) For trusts or estates, the rate of tax shall be 4.5% of their
67 Connecticut taxable income.

68 (6) For taxable years commencing on or after January 1, 2003, but

69 prior to January 1, 2009, in accordance with the following schedule:

70 (A) For any person who files a return under the federal income tax
71 for such taxable year as an unmarried individual or as a married
72 individual filing separately:

T49	Connecticut Taxable Income	Rate of Tax
T50	Not over \$10,000	3.0%
T51	Over \$10,000	\$300.00, plus 5.0% of the
T52		excess over \$10,000

73 (B) For any person who files a return under the federal income tax for
74 such taxable year as a head of household, as defined in Section 2(b) of
75 the Internal Revenue Code:

T53	Connecticut Taxable Income	Rate of Tax
T54	Not over \$16,000	3.0%
T55	Over \$16,000	\$480.00, plus 5.0% of the
T56		excess over \$16,000

76 (C) For any husband and wife who file a return under the federal
77 income tax for such taxable year as married individuals filing jointly or
78 any person who files a return under the federal income tax for such
79 taxable year as a surviving spouse, as defined in Section 2(a) of the
80 Internal Revenue Code:

T57	Connecticut Taxable Income	Rate of Tax
T58	Not over \$20,000	3.0%
T59	Over \$20,000	\$600.00, plus 5.0% of the
T60		excess over \$20,000

81 (D) For trusts or estates, the rate of tax shall be 5.0% of the
82 Connecticut taxable income.

83 (7) For taxable years commencing on or after January 1, 2009, but
84 prior to January 1, 2011, in accordance with the following schedule:

85 (A) For any person who files a return under the federal income tax
86 for such taxable year as an unmarried individual:

T61	Connecticut Taxable Income	Rate of Tax
T62	Not over \$10,000	3.0%
T63	Over \$10,000 but not	\$300.00, plus 5.0% of the
T64	over \$500,000	excess over \$10,000
T65	Over \$500,000	\$24,800, plus 6.5% of the
T66		excess over \$500,000

87 (B) For any person who files a return under the federal income tax for
88 such taxable year as a head of household, as defined in Section 2(b) of
89 the Internal Revenue Code:

T67	Connecticut Taxable Income	Rate of Tax
T68	Not over \$16,000	3.0%
T69	Over \$16,000 but not	\$480.00, plus 5.0% of the
T70	over \$800,000	excess over \$16,000
T71	Over \$800,000	\$39,680, plus 6.5% of the
T72		excess over \$800,000

90 (C) For any husband and wife who file a return under the federal
91 income tax for such taxable year as married individuals filing jointly or
92 any person who files a return under the federal income tax for such
93 taxable year as a surviving spouse, as defined in Section 2(a) of the
94 Internal Revenue Code:

T73	Connecticut Taxable Income	Rate of Tax
T74	Not over \$20,000	3.0%
T75	Over \$20,000 but not	\$600.00, plus 5.0% of the
T76	over \$1,000,000	excess over \$20,000

103 (ii) Notwithstanding the provisions of subparagraph (A)(i) of this
 104 subdivision, for each taxpayer whose Connecticut adjusted gross
 105 income exceeds fifty-six thousand five hundred dollars, the amount of
 106 the taxpayer's Connecticut taxable income to which the three-per-cent
 107 tax rate applies shall be reduced by one thousand dollars for each five
 108 thousand dollars, or fraction thereof, by which the taxpayer's
 109 Connecticut adjusted gross income exceeds said amount. Any such
 110 amount of Connecticut taxable income to which, as provided in the
 111 preceding sentence, the three-per-cent tax rate does not apply shall be
 112 an amount to which the five-per-cent tax rate shall apply.

113 (iii) Each taxpayer whose Connecticut adjusted gross income exceeds
 114 two hundred thousand dollars shall pay, in addition to the tax
 115 computed under the provisions of subparagraphs (A)(i) and (A)(ii) of
 116 this subdivision, an amount equal to seventy-five dollars for each five
 117 thousand dollars, or fraction thereof, by which the taxpayer's
 118 Connecticut adjusted gross income exceeds two hundred thousand
 119 dollars, up to a maximum payment of two thousand two hundred fifty
 120 dollars.

121 (B) (i) For any person who files a return under the federal income tax
 122 for such taxable year as a head of household, as defined in Section 2(b)
 123 of the Internal Revenue Code:

T97	Connecticut Taxable Income	Rate of Tax
T98	Not over \$16,000	3.0%
T99	Over \$16,000 but not	\$480.00, plus 5.0% of the
T100	over \$80,000	excess over \$16,000
T101	Over \$80,000 but not	\$3,680, plus 5.5% of the
T102	over \$160,000	excess over \$80,000
T103	Over \$160,000 but not	\$8,080, plus 6.0% of the
T104	over \$320,000	excess over \$160,000
T105	Over \$320,000 but not	\$17,680, plus 6.5% of the
T106	over \$400,000	excess over \$320,000

T107 Over \$400,000 \$22,880, plus 6.70% of the
T108 excess over \$400,000

124 (ii) Notwithstanding the provisions of subparagraph (B)(i) of this
125 subdivision, for each taxpayer whose Connecticut adjusted gross
126 income exceeds seventy-eight thousand five hundred dollars, the
127 amount of the taxpayer's Connecticut taxable income to which the three-
128 per-cent tax rate applies shall be reduced by one thousand six hundred
129 dollars for each four thousand dollars, or fraction thereof, by which the
130 taxpayer's Connecticut adjusted gross income exceeds said amount.
131 Any such amount of Connecticut taxable income to which, as provided
132 in the preceding sentence, the three-per-cent tax rate does not apply
133 shall be an amount to which the five-per-cent tax rate shall apply.

134 (iii) Each taxpayer whose Connecticut adjusted gross income exceeds
135 three hundred twenty thousand dollars shall pay, in addition to the tax
136 computed under the provisions of subparagraphs (B)(i) and (B)(ii) of
137 this subdivision, an amount equal to one hundred twenty dollars for
138 each eight thousand dollars, or fraction thereof, by which the taxpayer's
139 Connecticut adjusted gross income exceeds three hundred twenty
140 thousand dollars, up to a maximum payment of three thousand six
141 hundred dollars.

142 (C) (i) For any husband and wife who file a return under the federal
143 income tax for such taxable year as married individuals filing jointly or
144 any person who files a return under the federal income tax for such
145 taxable year as a surviving spouse, as defined in Section 2(a) of the
146 Internal Revenue Code:

T109	Connecticut Taxable Income	Rate of Tax
T110	Not over \$20,000	3.0%
T111	Over \$20,000 but not	\$600.00, plus 5.0% of the
T112	over \$100,000	excess over \$20,000
T113	Over \$100,000 but not	\$4,600, plus 5.5% of the

T114	over \$200,000	excess over \$100,000
T115	Over \$200,000 but not	\$10,100, plus 6.0% of the
T116	over \$400,000	excess over \$200,000
T117	Over \$400,000 but not	\$22,100, plus 6.5% of the
T118	over \$500,000	excess over \$400,000
T119	Over \$500,000	\$28,600, plus 6.70% of the
T120		excess over \$500,000

147 (ii) Notwithstanding the provisions of subparagraph (C)(i) of this
 148 subdivision, for each taxpayer whose Connecticut adjusted gross
 149 income exceeds one hundred thousand five hundred dollars, the
 150 amount of the taxpayer's Connecticut taxable income to which the three-
 151 per-cent tax rate applies shall be reduced by two thousand dollars for
 152 each five thousand dollars, or fraction thereof, by which the taxpayer's
 153 Connecticut adjusted gross income exceeds said amount. Any such
 154 amount of Connecticut taxable income to which, as provided in the
 155 preceding sentence, the three-per-cent tax rate does not apply shall be
 156 an amount to which the five-per-cent tax rate shall apply.

157 (iii) Each taxpayer whose Connecticut adjusted gross income exceeds
 158 four hundred thousand dollars shall pay, in addition to the tax
 159 computed under the provisions of subparagraphs (C)(i) and (C)(ii) of
 160 this subdivision, an amount equal to one hundred fifty dollars for each
 161 ten thousand dollars, or fraction thereof, by which the taxpayer's
 162 Connecticut adjusted gross income exceeds four hundred thousand
 163 dollars, up to a maximum payment of four thousand five hundred
 164 dollars.

165 (D) (i) For any person who files a return under the federal income tax
 166 for such taxable year as a married individual filing separately:

T121	Connecticut Taxable Income	Rate of Tax
T122	Not over \$10,000	3.0%
T123	Over \$10,000 but not	\$300.00, plus 5.0% of the

T124	over \$50,000	excess over \$10,000
T125	Over \$50,000 but not	\$2,300, plus 5.5% of the
T126	over \$100,000	excess over \$50,000
T127	Over \$100,000 but not	\$5,050, plus 6.0% of the
T128	over \$200,000	excess over \$100,000
T129	Over \$200,000 but not	\$11,050, plus 6.5% of the
T130	over \$250,000	excess over \$200,000
T131	Over \$250,000	\$14,300, plus 6.70% of the
T132		excess over \$250,000

167 (ii) Notwithstanding the provisions of subparagraph (D)(i) of this
168 subdivision, for each taxpayer whose Connecticut adjusted gross
169 income exceeds fifty thousand two hundred fifty dollars, the amount of
170 the taxpayer's Connecticut taxable income to which the three-per-cent
171 tax rate applies shall be reduced by one thousand dollars for each two
172 thousand five hundred dollars, or fraction thereof, by which the
173 taxpayer's Connecticut adjusted gross income exceeds said amount.
174 Any such amount of Connecticut taxable income to which, as provided
175 in the preceding sentence, the three-per-cent tax rate does not apply
176 shall be an amount to which the five-per-cent tax rate shall apply.

177 (iii) Each taxpayer whose Connecticut adjusted gross income exceeds
178 two hundred thousand dollars shall pay, in addition to the tax
179 computed under the provisions of subparagraphs (D)(i) and (D)(ii) of
180 this subdivision, an amount equal to seventy-five dollars for each five
181 thousand dollars, or fraction thereof, by which the taxpayer's
182 Connecticut adjusted gross income exceeds two hundred thousand
183 dollars, up to a maximum payment of two thousand two hundred fifty
184 dollars.

185 (E) For trusts or estates, the rate of tax shall be 6.70% of the
186 Connecticut taxable income.

187 (9) For taxable years commencing on or after January 1, 2015, but
188 prior to January 1, 2023, in accordance with the following schedule:

189 (A) (i) For any person who files a return under the federal income tax
 190 for such taxable year as an unmarried individual:

T133	Connecticut Taxable Income	Rate of Tax
T134	Not over \$10,000	3.0%
T135	Over \$10,000 but not	\$300.00, plus 5.0% of the
T136	over \$50,000	excess over \$10,000
T137	Over \$50,000 but not	\$2,300, plus 5.5% of the
T138	over \$100,000	excess over \$50,000
T139	Over \$100,000 but not	\$5,050, plus 6.0% of the
T140	over \$200,000	excess over \$100,000
T141	Over \$200,000 but not	\$11,050, plus 6.5% of the
T142	over \$250,000	excess over \$200,000
T143	Over \$250,000 but not	\$14,300, plus 6.9% of the
T144	over \$500,000	excess over \$250,000
T145	Over \$500,000	\$31,550, plus 6.99% of the
T146		excess over \$500,000

191 (ii) Notwithstanding the provisions of subparagraph (A)(i) of this
 192 subdivision, for each taxpayer whose Connecticut adjusted gross
 193 income exceeds fifty-six thousand five hundred dollars, the amount of
 194 the taxpayer's Connecticut taxable income to which the three-per-cent
 195 tax rate applies shall be reduced by one thousand dollars for each five
 196 thousand dollars, or fraction thereof, by which the taxpayer's
 197 Connecticut adjusted gross income exceeds said amount. Any such
 198 amount of Connecticut taxable income to which, as provided in the
 199 preceding sentence, the three-per-cent tax rate does not apply shall be
 200 an amount to which the five-per-cent tax rate shall apply.

201 (iii) Each taxpayer whose Connecticut adjusted gross income exceeds
 202 two hundred thousand dollars shall pay, in addition to the tax
 203 computed under the provisions of subparagraphs (A)(i) and (A)(ii) of
 204 this subdivision, an amount equal to ninety dollars for each five
 205 thousand dollars, or fraction thereof, by which the taxpayer's
 206 Connecticut adjusted gross income exceeds two hundred thousand

207 dollars, up to a maximum payment of two thousand seven hundred
 208 dollars.

209 (iv) Each taxpayer whose Connecticut adjusted gross income exceeds
 210 five hundred thousand dollars shall pay, in addition to the tax
 211 computed under the provisions of subparagraphs (A)(i), (A)(ii) and
 212 (A)(iii) of this subdivision, an amount equal to fifty dollars for each five
 213 thousand dollars, or fraction thereof, by which the taxpayer's
 214 Connecticut adjusted gross income exceeds five hundred thousand
 215 dollars, up to a maximum payment of four hundred fifty dollars.

216 (B) (i) For any person who files a return under the federal income tax
 217 for such taxable year as a head of household, as defined in Section 2(b)
 218 of the Internal Revenue Code:

T147	Connecticut Taxable Income	Rate of Tax
T148	Not over \$16,000	3.0%
T149	Over \$16,000 but not	\$480.00, plus 5.0% of the
T150	over \$80,000	excess over \$16,000
T151	Over \$80,000 but not	\$3,680, plus 5.5% of the
T152	over \$160,000	excess over \$80,000
T153	Over \$160,000 but not	\$8,080, plus 6.0% of the
T154	over \$320,000	excess over \$160,000
T155	Over \$320,000 but not	\$17,680, plus 6.5% of the
T156	over \$400,000	excess over \$320,000
T157	Over \$400,000 but not	\$22,880, plus 6.9% of the
T158	over \$800,000	excess over \$400,000
T159	Over \$800,000	\$50,480, plus 6.99% of the
T160		excess over \$800,000

219 (ii) Notwithstanding the provisions of subparagraph (B)(i) of this
 220 subdivision, for each taxpayer whose Connecticut adjusted gross
 221 income exceeds seventy-eight thousand five hundred dollars, the
 222 amount of the taxpayer's Connecticut taxable income to which the three-
 223 per-cent tax rate applies shall be reduced by one thousand six hundred

224 dollars for each four thousand dollars, or fraction thereof, by which the
 225 taxpayer's Connecticut adjusted gross income exceeds said amount.
 226 Any such amount of Connecticut taxable income to which, as provided
 227 in the preceding sentence, the three-per-cent tax rate does not apply
 228 shall be an amount to which the five-per-cent tax rate shall apply.

229 (iii) Each taxpayer whose Connecticut adjusted gross income exceeds
 230 three hundred twenty thousand dollars shall pay, in addition to the tax
 231 computed under the provisions of subparagraphs (B)(i) and (B)(ii) of
 232 this subdivision, an amount equal to one hundred forty dollars for each
 233 eight thousand dollars, or fraction thereof, by which the taxpayer's
 234 Connecticut adjusted gross income exceeds three hundred twenty
 235 thousand dollars, up to a maximum payment of four thousand two
 236 hundred dollars.

237 (iv) Each taxpayer whose Connecticut adjusted gross income exceeds
 238 eight hundred thousand dollars shall pay, in addition to the tax
 239 computed under the provisions of subparagraphs (B)(i), (B)(ii) and
 240 (B)(iii) of this subdivision, an amount equal to eighty dollars for each
 241 eight thousand dollars, or fraction thereof, by which the taxpayer's
 242 Connecticut adjusted gross income exceeds eight hundred thousand
 243 dollars, up to a maximum payment of seven hundred twenty dollars.

244 (C) (i) For any husband and wife who file a return under the federal
 245 income tax for such taxable year as married individuals filing jointly or
 246 any person who files a return under the federal income tax for such
 247 taxable year as a surviving spouse, as defined in Section 2(a) of the
 248 Internal Revenue Code:

T161	Connecticut Taxable Income	Rate of Tax
T162	Not over \$20,000	3.0%
T163	Over \$20,000 but not	\$600.00, plus 5.0% of the
T164	over \$100,000	excess over \$20,000
T165	Over \$100,000 but not	\$4,600, plus 5.5% of the
T166	over \$200,000	excess over \$100,000
T167	Over \$200,000 but not	\$10,100, plus 6.0% of the

T168	over \$400,000	excess over \$200,000
T169	Over \$400,000 but not	\$22,100, plus 6.5% of the
T170	over \$500,000	excess over \$400,000
T171	Over \$500,000 but not	\$28,600, plus 6.9% of the
T172	over \$1,000,000	excess over \$500,000
T173	Over \$1,000,000	\$63,100, plus 6.99% of the
T174		excess over \$1,000,000

249 (ii) Notwithstanding the provisions of subparagraph (C)(i) of this
250 subdivision, for each taxpayer whose Connecticut adjusted gross
251 income exceeds one hundred thousand five hundred dollars, the
252 amount of the taxpayer's Connecticut taxable income to which the three-
253 per-cent tax rate applies shall be reduced by two thousand dollars for
254 each five thousand dollars, or fraction thereof, by which the taxpayer's
255 Connecticut adjusted gross income exceeds said amount. Any such
256 amount of Connecticut taxable income to which, as provided in the
257 preceding sentence, the three-per-cent tax rate does not apply shall be
258 an amount to which the five-per-cent tax rate shall apply.

259 (iii) Each taxpayer whose Connecticut adjusted gross income exceeds
260 four hundred thousand dollars shall pay, in addition to the tax
261 computed under the provisions of subparagraphs (C)(i) and (C)(ii) of
262 this subdivision, an amount equal to one hundred eighty dollars for
263 each ten thousand dollars, or fraction thereof, by which the taxpayer's
264 Connecticut adjusted gross income exceeds four hundred thousand
265 dollars, up to a maximum payment of five thousand four hundred
266 dollars.

267 (iv) Each taxpayer whose Connecticut adjusted gross income exceeds
268 one million dollars shall pay, in addition to the tax computed under the
269 provisions of subparagraphs (C)(i), (C)(ii) and (C)(iii) of this
270 subdivision, an amount equal to one hundred dollars for each ten
271 thousand dollars, or fraction thereof, by which the taxpayer's
272 Connecticut adjusted gross income exceeds one million dollars, up to a
273 maximum payment of nine hundred dollars.

274 (D) (i) For any person who files a return under the federal income tax
275 for such taxable year as a married individual filing separately:

T175	Connecticut Taxable Income	Rate of Tax
T176	Not over \$10,000	3.0%
T177	Over \$10,000 but not	\$300.00, plus 5.0% of the
T178	over \$50,000	excess over \$10,000
T179	Over \$50,000 but not	\$2,300, plus 5.5% of the
T180	over \$100,000	excess over \$50,000
T181	Over \$100,000 but not	\$5,050, plus 6.0% of the
T182	over \$200,000	excess over \$100,000
T183	Over \$200,000 but not	\$11,050, plus 6.5% of the
T184	over \$250,000	excess over \$200,000
T185	Over \$250,000 but not	\$14,300, plus 6.9% of the
T186	over \$500,000	excess over \$250,000
T187	Over \$500,000	\$31,550, plus 6.99% of the
T188		excess over \$500,000

276 (ii) Notwithstanding the provisions of subparagraph (D)(i) of this
277 subdivision, for each taxpayer whose Connecticut adjusted gross
278 income exceeds fifty thousand two hundred fifty dollars, the amount of
279 the taxpayer's Connecticut taxable income to which the three-per-cent
280 tax rate applies shall be reduced by one thousand dollars for each two
281 thousand five hundred dollars, or fraction thereof, by which the
282 taxpayer's Connecticut adjusted gross income exceeds said amount.
283 Any such amount of Connecticut taxable income to which, as provided
284 in the preceding sentence, the three-per-cent tax rate does not apply
285 shall be an amount to which the five-per-cent tax rate shall apply.

286 (iii) Each taxpayer whose Connecticut adjusted gross income exceeds
287 two hundred thousand dollars shall pay, in addition to the tax
288 computed under the provisions of subparagraphs (D)(i) and (D)(ii) of
289 this subdivision, an amount equal to ninety dollars for each five
290 thousand dollars, or fraction thereof, by which the taxpayer's

291 Connecticut adjusted gross income exceeds two hundred thousand
 292 dollars, up to a maximum payment of two thousand seven hundred
 293 dollars.

294 (iv) Each taxpayer whose Connecticut adjusted gross income exceeds
 295 five hundred thousand dollars shall pay, in addition to the tax
 296 computed under the provisions of subparagraphs (D)(i), (D)(ii) and
 297 (D)(iii) of this subdivision, an amount equal to fifty dollars for each five
 298 thousand dollars, or fraction thereof, by which the taxpayer's
 299 Connecticut adjusted gross income exceeds five hundred thousand
 300 dollars, up to a maximum payment of four hundred fifty dollars.

301 (E) For trusts or estates, the rate of tax shall be 6.99% of the
 302 Connecticut taxable income.

303 (10) For taxable years commencing on or after January 1, 2023, in
 304 accordance with the following schedule:

305 (A) (i) For any person who files a return under the federal income tax
 306 for such taxable year as an unmarried individual:

T189	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T190	<u>Not over \$10,000</u>	<u>2.0%</u>
T191	<u>Over \$10,000 but not</u>	<u>\$200.00, plus 4.75% of the</u>
T192	<u>over \$50,000</u>	<u>excess over \$10,000</u>
T193	<u>Over \$50,000 but not</u>	<u>\$2,100, plus 5.5% of the</u>
T194	<u>over \$100,000</u>	<u>excess over \$50,000</u>
T195	<u>Over \$100,000 but not</u>	<u>\$4,850, plus 6.0% of the</u>
T196	<u>over \$200,000</u>	<u>excess over \$100,000</u>
T197	<u>Over \$200,000 but not</u>	<u>\$10,850, plus 6.5% of the</u>
T198	<u>over \$250,000</u>	<u>excess over \$200,000</u>
T199	<u>Over \$250,000 but not</u>	<u>\$14,100, plus 6.9% of the</u>
T200	<u>over \$500,000</u>	<u>excess over \$250,000</u>
T201	<u>Over \$500,000</u>	<u>\$31,350, plus 6.99% of the</u>
T202		<u>excess over \$500,000</u>

307 (ii) Notwithstanding the provisions of subparagraph (A)(i) of this
308 subdivision, for each taxpayer whose Connecticut adjusted gross
309 income exceeds fifty-six thousand five hundred dollars, the amount of
310 the taxpayer's Connecticut taxable income to which the two-per-cent tax
311 rate applies shall be reduced by one thousand dollars for each five
312 thousand dollars, or fraction thereof, by which the taxpayer's
313 Connecticut adjusted gross income exceeds said amount. Any such
314 amount of Connecticut taxable income to which, as provided in the
315 preceding sentence, the two-per-cent tax rate does not apply shall be an
316 amount to which the four-and-three-quarters-per-cent tax rate shall
317 apply.

318 (iii) Each taxpayer whose Connecticut adjusted gross income exceeds
319 two hundred thousand dollars shall pay, in addition to the tax
320 computed under the provisions of subparagraphs (A)(i) and (A)(ii) of
321 this subdivision, an amount equal to ninety dollars for each five
322 thousand dollars, or fraction thereof, by which the taxpayer's
323 Connecticut adjusted gross income exceeds two hundred thousand
324 dollars, up to a maximum payment of two thousand seven hundred
325 dollars.

326 (iv) Each taxpayer whose Connecticut adjusted gross income exceeds
327 five hundred thousand dollars shall pay, in addition to the tax
328 computed under the provisions of subparagraphs (A)(i), (A)(ii) and
329 (A)(iii) of this subdivision, an amount equal to fifty dollars for each five
330 thousand dollars, or fraction thereof, by which the taxpayer's
331 Connecticut adjusted gross income exceeds five hundred thousand
332 dollars, up to a maximum payment of four hundred fifty dollars.

333 (v) Each taxpayer whose Connecticut adjusted gross income exceeds
334 two hundred thousand dollars shall pay, in addition to the tax
335 computed under the provisions of subparagraphs (A)(i), (A)(ii), (A)(iii)
336 and, if applicable, (A)(iv) of this subdivision, one hundred twenty-five
337 dollars.

338 (B) (i) For any person who files a return under the federal income tax

339 for such taxable year as a head of household, as defined in Section 2(b)
 340 of the Internal Revenue Code:

T203	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T204	<u>Not over \$16,000</u>	<u>2.0%</u>
T205	<u>Over \$16,000 but not</u>	<u>\$320.00, plus 4.75% of the</u>
T206	<u>over \$80,000</u>	<u>excess over \$16,000</u>
T207	<u>Over \$80,000 but not</u>	<u>\$3,360, plus 5.5% of the</u>
T208	<u>over \$160,000</u>	<u>excess over \$80,000</u>
T209	<u>Over \$160,000 but not</u>	<u>\$7,760, plus 6.0% of the</u>
T210	<u>over \$320,000</u>	<u>excess over \$160,000</u>
T211	<u>Over \$320,000 but not</u>	<u>\$17,360, plus 6.5% of the</u>
T212	<u>over \$400,000</u>	<u>excess over \$320,000</u>
T213	<u>Over \$400,000 but not</u>	<u>\$22,560, plus 6.9% of the</u>
T214	<u>over \$800,000</u>	<u>excess over \$400,000</u>
T215	<u>Over \$800,000</u>	<u>\$50,160, plus 6.99% of the</u>
T216		<u>excess over \$800,000</u>

341 (ii) Notwithstanding the provisions of subparagraph (B)(i) of this
 342 subdivision, for each taxpayer whose Connecticut adjusted gross
 343 income exceeds seventy-eight thousand five hundred dollars, the
 344 amount of the taxpayer's Connecticut taxable income to which the two-
 345 per-cent tax rate applies shall be reduced by one thousand six hundred
 346 dollars for each four thousand dollars, or fraction thereof, by which the
 347 taxpayer's Connecticut adjusted gross income exceeds said amount.
 348 Any such amount of Connecticut taxable income to which, as provided
 349 in the preceding sentence, the two-per-cent tax rate does not apply shall
 350 be an amount to which the four-and-three-quarters-per-cent tax rate
 351 shall apply.

352 (iii) Each taxpayer whose Connecticut adjusted gross income exceeds
 353 three hundred twenty thousand dollars shall pay, in addition to the tax
 354 computed under the provisions of subparagraphs (B)(i) and (B)(ii) of
 355 this subdivision, an amount equal to one hundred forty dollars for each
 356 eight thousand dollars, or fraction thereof, by which the taxpayer's

357 Connecticut adjusted gross income exceeds three hundred twenty
 358 thousand dollars, up to a maximum payment of four thousand two
 359 hundred dollars.

360 (iv) Each taxpayer whose Connecticut adjusted gross income exceeds
 361 eight hundred thousand dollars shall pay, in addition to the tax
 362 computed under the provisions of subparagraphs (B)(i), (B)(ii) and
 363 (B)(iii) of this subdivision, an amount equal to eighty dollars for each
 364 eight thousand dollars, or fraction thereof, by which the taxpayer's
 365 Connecticut adjusted gross income exceeds eight hundred thousand
 366 dollars, up to a maximum payment of seven hundred twenty dollars.

367 (v) Each taxpayer whose Connecticut adjusted gross income exceeds
 368 three hundred twenty thousand dollars shall pay, in addition to the tax
 369 computed under the provisions of subparagraphs (B)(i), (B)(ii), (B)(iii)
 370 and, if applicable, (B)(iv) of this subdivision, two hundred dollars.

371 (C) (i) For any husband and wife who file a return under the federal
 372 income tax for such taxable year as married individuals filing jointly or
 373 any person who files a return under the federal income tax for such
 374 taxable year as a surviving spouse, as defined in Section 2(a) of the
 375 Internal Revenue Code:

T217	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T218	<u>Not over \$20,000</u>	<u>2.0%</u>
T219	<u>Over \$20,000 but not</u>	<u>\$400.00, plus 4.75% of the</u>
T220	<u>over \$100,000</u>	<u>excess over \$20,000</u>
T221	<u>Over \$100,000 but not</u>	<u>\$4,200, plus 5.5% of the</u>
T222	<u>over \$200,000</u>	<u>excess over \$100,000</u>
T223	<u>Over \$200,000 but not</u>	<u>\$9,700, plus 6.0% of the</u>
T224	<u>over \$400,000</u>	<u>excess over \$200,000</u>
T225	<u>Over \$400,000 but not</u>	<u>\$21,700, plus 6.5% of the</u>
T226	<u>over \$500,000</u>	<u>excess over \$400,000</u>
T227	<u>Over \$500,000 but not</u>	<u>\$28,200, plus 6.9% of the</u>
T228	<u>over \$1,000,000</u>	<u>excess over \$500,000</u>

405 and, if applicable, (C)(iv) of this subdivision, two hundred fifty dollars.

406 (D) (i) For any person who files a return under the federal income tax
 407 for such taxable year as a married individual filing separately:

T231	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T232	<u>Not over \$10,000</u>	<u>2.0%</u>
T233	<u>Over \$10,000 but not</u>	<u>\$200.00, plus 4.75% of the</u>
T234	<u>over \$50,000</u>	<u>excess over \$10,000</u>
T235	<u>Over \$50,000 but not</u>	<u>\$2,100, plus 5.5% of the</u>
T236	<u>over \$100,000</u>	<u>excess over \$50,000</u>
T237	<u>Over \$100,000 but not</u>	<u>\$4,850, plus 6.0% of the</u>
T238	<u>over \$200,000</u>	<u>excess over \$100,000</u>
T239	<u>Over \$200,000 but not</u>	<u>\$10,850, plus 6.5% of the</u>
T240	<u>over \$250,000</u>	<u>excess over \$200,000</u>
T241	<u>Over \$250,000 but not</u>	<u>\$14,100, plus 6.9% of the</u>
T242	<u>over \$500,000</u>	<u>excess over \$250,000</u>
T243	<u>Over \$500,000</u>	<u>\$31,350, plus 6.99% of the</u>
T244		<u>excess over \$500,000</u>

408 (ii) Notwithstanding the provisions of subparagraph (D)(i) of this
 409 subdivision, for each taxpayer whose Connecticut adjusted gross
 410 income exceeds fifty thousand two hundred fifty dollars, the amount of
 411 the taxpayer's Connecticut taxable income to which the two-per-cent tax
 412 rate applies shall be reduced by one thousand dollars for each two
 413 thousand five hundred dollars, or fraction thereof, by which the
 414 taxpayer's Connecticut adjusted gross income exceeds said amount.
 415 Any such amount of Connecticut taxable income to which, as provided
 416 in the preceding sentence, the two-per-cent tax rate does not apply shall
 417 be an amount to which the four-and-three-quarters-per-cent tax rate
 418 shall apply.

419 (iii) Each taxpayer whose Connecticut adjusted gross income exceeds
 420 two hundred thousand dollars shall pay, in addition to the tax

421 computed under the provisions of subparagraphs (D)(i) and (D)(ii) of
422 this subdivision, an amount equal to ninety dollars for each five
423 thousand dollars, or fraction thereof, by which the taxpayer's
424 Connecticut adjusted gross income exceeds two hundred thousand
425 dollars, up to a maximum payment of two thousand seven hundred
426 dollars.

427 (iv) Each taxpayer whose Connecticut adjusted gross income exceeds
428 five hundred thousand dollars shall pay, in addition to the tax
429 computed under the provisions of subparagraphs (D)(i), (D)(ii) and
430 (D)(iii) of this subdivision, an amount equal to fifty dollars for each five
431 thousand dollars, or fraction thereof, by which the taxpayer's
432 Connecticut adjusted gross income exceeds five hundred thousand
433 dollars, up to a maximum payment of four hundred fifty dollars.

434 (v) Each taxpayer whose Connecticut adjusted gross income exceeds
435 two hundred thousand dollars shall pay, in addition to the tax
436 computed under the provisions of subparagraphs (D)(i), (D)(ii), (D)(iii)
437 and, if applicable, (D)(iv) of this subdivision, one hundred twenty-five
438 dollars.

439 (E) For trusts or estates, the rate of tax shall be 6.99% of the
440 Connecticut taxable income.

441 [(10)] (11) The provisions of this subsection shall apply to resident
442 trusts and estates and, wherever reference is made in this subsection to
443 residents of this state, such reference shall be construed to include
444 resident trusts and estates, provided any reference to a resident's
445 Connecticut adjusted gross income derived from sources without this
446 state or to a resident's Connecticut adjusted gross income shall be
447 construed, in the case of a resident trust or estate, to mean the resident
448 trust or estate's Connecticut taxable income derived from sources
449 without this state and the resident trust or estate's Connecticut taxable
450 income, respectively.

451 Sec. 2. Subparagraph (B) of subdivision (20) of subsection (a) of
452 section 12-701 of the general statutes is repealed and the following is

453 substituted in lieu thereof (*Effective from passage and applicable to taxable*
454 *years commencing on or after January 1, 2023*):

455 (B) There shall be subtracted therefrom:

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

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

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

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

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

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

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

490 (viii) Any interest on indebtedness incurred or continued to purchase
491 or carry obligations or securities the interest on which is subject to tax
492 under this chapter but exempt from federal income tax, to the extent that
493 such interest on indebtedness is not deductible in determining federal
494 adjusted gross income and is attributable to a trade or business carried
495 on by such individual;

496 (ix) Ordinary and necessary expenses paid or incurred during the
497 taxable year for the production or collection of income which is subject
498 to taxation under this chapter but exempt from federal income tax, or
499 the management, conservation or maintenance of property held for the
500 production of such income, and the amortizable bond premium for the
501 taxable year on any bond the interest on which is subject to tax under
502 this chapter but exempt from federal income tax, to the extent that such
503 expenses and premiums are not deductible in determining federal
504 adjusted gross income and are attributable to a trade or business carried
505 on by such individual;

506 (x) (I) For taxable years commencing prior to January 1, 2019, for a
507 person who files a return under the federal income tax as an unmarried
508 individual whose federal adjusted gross income for such taxable year is
509 less than fifty thousand dollars, or as a married individual filing
510 separately whose federal adjusted gross income for such taxable year is
511 less than fifty thousand dollars, or for a husband and wife who file a
512 return under the federal income tax as married individuals filing jointly
513 whose federal adjusted gross income for such taxable year is less than
514 sixty thousand dollars or a person who files a return under the federal
515 income tax as a head of household whose federal adjusted gross income

516 for such taxable year is less than sixty thousand dollars, an amount
517 equal to the Social Security benefits includable for federal income tax
518 purposes;

519 (II) For taxable years commencing prior to January 1, 2019, for a
520 person who files a return under the federal income tax as an unmarried
521 individual whose federal adjusted gross income for such taxable year is
522 fifty thousand dollars or more, or as a married individual filing
523 separately whose federal adjusted gross income for such taxable year is
524 fifty thousand dollars or more, or for a husband and wife who file a
525 return under the federal income tax as married individuals filing jointly
526 whose federal adjusted gross income from such taxable year is sixty
527 thousand dollars or more or for a person who files a return under the
528 federal income tax as a head of household whose federal adjusted gross
529 income for such taxable year is sixty thousand dollars or more, an
530 amount equal to the difference between the amount of Social Security
531 benefits includable for federal income tax purposes and the lesser of
532 twenty-five per cent of the Social Security benefits received during the
533 taxable year, or twenty-five per cent of the excess described in Section
534 86(b)(1) of the Internal Revenue Code;

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

548 (IV) For the taxable year commencing January 1, 2019, and each

549 taxable year thereafter, for a person who files a return under the federal
550 income tax as an unmarried individual whose federal adjusted gross
551 income for such taxable year is seventy-five thousand dollars or more,
552 or as a married individual filing separately whose federal adjusted gross
553 income for such taxable year is seventy-five thousand dollars or more,
554 or for a husband and wife who file a return under the federal income tax
555 as married individuals filing jointly whose federal adjusted gross
556 income from such taxable year is one hundred thousand dollars or more
557 or for a person who files a return under the federal income tax as a head
558 of household whose federal adjusted gross income for such taxable year
559 is one hundred thousand dollars or more, an amount equal to the
560 difference between the amount of Social Security benefits includable for
561 federal income tax purposes and the lesser of twenty-five per cent of the
562 Social Security benefits received during the taxable year, or twenty-five
563 per cent of the excess described in Section 86(b)(1) of the Internal
564 Revenue Code;

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

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

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

579 (xiv) To the extent properly includable in gross income for federal
580 income tax purposes, the amount of any Holocaust victims' settlement

581 payment received in the taxable year by a Holocaust victim;

582 (xv) To the extent properly includable in gross income for federal
583 income tax purposes of an account holder, as defined in section 31-
584 51ww, interest earned on funds deposited in the individual
585 development account, as defined in section 31-51ww, of such account
586 holder;

587 (xvi) To the extent properly includable in the gross income for federal
588 income tax purposes of a designated beneficiary, as defined in section
589 3-123aa, interest, dividends or capital gains earned on contributions to
590 accounts established for the designated beneficiary pursuant to the
591 Connecticut Homecare Option Program for the Elderly established by
592 sections 3-123aa to 3-123ff, inclusive;

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

599 (xviii) To the extent properly includable in gross income for federal
600 income tax purposes for the taxable year, any income from the discharge
601 of indebtedness in connection with any reacquisition, after December
602 31, 2008, and before January 1, 2011, of an applicable debt instrument or
603 instruments, as those terms are defined in Section 108 of the Internal
604 Revenue Code, as amended by Section 1231 of the American Recovery
605 and Reinvestment Act of 2009, to the extent any such income was added
606 to federal adjusted gross income pursuant to subparagraph (A)(xi) of
607 this subdivision in computing Connecticut adjusted gross income for a
608 preceding taxable year;

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

613 (xx) To the extent properly includable in gross income for federal
614 income tax purposes, (I) for the taxable year commencing January 1,
615 2015, ten per cent of the income received from the state teachers'
616 retirement system, (II) for the taxable years commencing January 1,
617 2016, to January 1, 2020, inclusive, twenty-five per cent of the income
618 received from the state teachers' retirement system, and (III) for the
619 taxable year commencing January 1, 2021, and each taxable year
620 thereafter, fifty per cent of the income received from the state teachers'
621 retirement system or, for a taxpayer whose federal adjusted gross
622 income does not exceed the applicable threshold under clause (xxi) of
623 this subparagraph, the percentage pursuant to said clause of the income
624 received from the state teachers' retirement system, whichever
625 deduction is greater;

626 (xxi) To the extent properly includable in gross income for federal
627 income tax purposes, except for retirement benefits under clause (iv) of
628 this subparagraph and retirement pay under clause (xvii) of this
629 subparagraph, for a person who files a return under the federal income
630 tax as an unmarried individual whose federal adjusted gross income for
631 such taxable year is less than seventy-five thousand dollars, or as a
632 married individual filing separately whose federal adjusted gross
633 income for such taxable year is less than seventy-five thousand dollars,
634 or as a head of household whose federal adjusted gross income for such
635 taxable year is less than seventy-five thousand dollars, or for a husband
636 and wife who file a return under the federal income tax as married
637 individuals filing jointly whose federal adjusted gross income for such
638 taxable year is less than one hundred thousand dollars, (I) for the taxable
639 year commencing January 1, 2019, fourteen per cent of any pension or
640 annuity income, (II) for the taxable year commencing January 1, 2020,
641 twenty-eight per cent of any pension or annuity income, (III) for the
642 taxable year commencing January 1, 2021, forty-two per cent of any
643 pension or annuity income, and (IV) for the taxable year commencing
644 January 1, 2022, [and each taxable year thereafter,] one hundred per cent
645 of any pension or annuity income;

646 (xxii) To the extent properly includable in gross income for federal

647 income tax purposes, except for retirement benefits under clause (iv) of
 648 this subparagraph and retirement pay under clause (xvii) of this
 649 subparagraph, any pension or annuity income for the taxable year
 650 commencing on or after January 1, 2023, and each taxable year
 651 thereafter, in accordance with the following schedule, for a person who
 652 files a return under the federal income tax as an unmarried individual
 653 whose federal adjusted gross income for such taxable year is less than
 654 one hundred thousand dollars, or as a married individual filing
 655 separately whose federal adjusted gross income for such taxable year is
 656 less than one hundred thousand dollars, or as a head of household
 657 whose federal adjusted gross income for such taxable year is less than
 658 one hundred thousand dollars:

T245	<u>Federal Adjusted Gross Income</u>	<u>Deduction</u>
T246	<u>Less than \$75,000</u>	<u>100.0%</u>
T247	<u>\$75,000 but not over \$77,499</u>	<u>85.0%</u>
T248	<u>\$77,500 but not over \$79,999</u>	<u>70.0%</u>
T249	<u>\$80,000 but not over \$82,499</u>	<u>55.0%</u>
T250	<u>\$82,500 but not over \$84,999</u>	<u>40.0%</u>
T251	<u>\$85,000 but not over \$87,499</u>	<u>25.0%</u>
T252	<u>\$87,500 but not over \$89,999</u>	<u>10.0%</u>
T253	<u>\$90,000 but not over \$94,999</u>	<u>5.0%</u>
T254	<u>\$95,000 but not over \$99,999</u>	<u>2.5%</u>
T255	<u>\$100,000 and over</u>	<u>0.0%</u>

659 (xxiii) To the extent properly includable in gross income for federal
 660 income tax purposes, except for retirement benefits under clause (iv) of
 661 this subparagraph and retirement pay under clause (xvii) of this
 662 subparagraph, any pension or annuity income for the taxable year
 663 commencing on or after January 1, 2023, and each taxable year
 664 thereafter, in accordance with the following schedule for married
 665 individuals who file a return under the federal income tax as married
 666 individuals filing jointly whose federal adjusted gross income for such
 667 taxable year is less than one hundred fifty thousand dollars:

T256	<u>Federal Adjusted Gross Income</u>	<u>Deduction</u>
T257	<u>Less than \$100,000</u>	<u>100.0%</u>
T258	<u>\$100,000 but not over \$104,999</u>	<u>85.0%</u>
T259	<u>\$105,000 but not over \$109,999</u>	<u>70.0%</u>
T260	<u>\$110,000 but not over \$114,999</u>	<u>55.0%</u>
T261	<u>\$115,000 but not over \$119,999</u>	<u>40.0%</u>
T262	<u>\$120,000 but not over \$124,999</u>	<u>25.0%</u>
T263	<u>\$125,000 but not over \$129,999</u>	<u>10.0%</u>
T264	<u>\$130,000 but not over \$139,999</u>	<u>5.0%</u>
T265	<u>\$140,000 but not over \$149,999</u>	<u>2.5%</u>
T266	<u>\$150,000 and over</u>	<u>0.0%</u>

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

673 [(xxiii)] (xxv) To the extent properly includable in gross income for
674 federal income tax purposes, the amount of any financial assistance
675 received from the Crumbling Foundations Assistance Fund or paid to
676 or on behalf of the owner of a residential building pursuant to sections
677 8-442 and 8-443;

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

683 [(xxv)] (xxvii) To the extent any portion of a deduction under Section
684 179 of the Internal Revenue Code was added to federal adjusted gross
685 income pursuant to subparagraph (A)(xiv) of this subdivision in
686 computing Connecticut adjusted gross income, twenty-five per cent of
687 such disallowed portion of the deduction in each of the four succeeding

688 taxable years;

689 [(xxvi)] (xxviii) To the extent properly includable in gross income for
 690 federal income tax purposes, for a person who files a return under the
 691 federal income tax as an unmarried individual whose federal adjusted
 692 gross income for such taxable year is less than [seventy-five] one
 693 hundred thousand dollars, or as a married individual filing separately
 694 whose federal adjusted gross income for such taxable year is less than
 695 [seventy-five] one hundred thousand dollars, or as a head of household
 696 whose federal adjusted gross income for such taxable year is less than
 697 [seventy-five] one hundred thousand dollars, [or for a husband and wife
 698 who file a return under the federal income tax as married individuals
 699 filing jointly whose federal adjusted gross income for such taxable year
 700 is less than one hundred thousand dollars,] (I) for the taxable year
 701 commencing January 1, 2023, twenty-five per cent of any distribution
 702 from an individual retirement account other than a Roth individual
 703 retirement account, (II) for the taxable year commencing January 1, 2024,
 704 fifty per cent of any distribution from an individual retirement account
 705 other than a Roth individual retirement account, (III) for the taxable year
 706 commencing January 1, 2025, seventy-five per cent of any distribution
 707 from an individual retirement account other than a Roth individual
 708 retirement account, and (IV) for the taxable year commencing January
 709 1, 2026, and each taxable year thereafter, any distribution from an
 710 individual retirement account other than a Roth individual retirement
 711 account. [; and] The subtraction under this clause shall be made in
 712 accordance with the following schedule:

T267	<u>Federal Adjusted Gross Income</u>	<u>Deduction</u>
T268	<u>Less than \$75,000</u>	<u>100.0%</u>
T269	<u>\$75,000 but not over \$77,499</u>	<u>85.0%</u>
T270	<u>\$77,500 but not over \$79,999</u>	<u>70.0%</u>
T271	<u>\$80,000 but not over \$82,499</u>	<u>55.0%</u>
T272	<u>\$82,500 but not over \$84,999</u>	<u>40.0%</u>
T273	<u>\$85,000 but not over \$87,499</u>	<u>25.0%</u>
T274	<u>\$87,500 but not over \$89,999</u>	<u>10.0%</u>

T275	<u>\$90,000 but not over \$94,999</u>	<u>5.0%</u>
T276	<u>\$95,000 but not over \$99,999</u>	<u>2.5%</u>
T277	<u>\$100,000 and over</u>	<u>0.0%</u>

713 (xxix) To the extent properly includable in gross income for federal
714 income tax purposes, for married individuals who file a return under
715 the federal income tax as married individuals filing jointly whose
716 federal adjusted gross income for such taxable year is less than one
717 hundred fifty thousand dollars, (I) for the taxable year commencing
718 January 1, 2023, twenty-five per cent of any distribution from an
719 individual retirement account other than a Roth individual retirement
720 account, (II) for the taxable year commencing January 1, 2024, fifty per
721 cent of any distribution from an individual retirement account other
722 than a Roth individual retirement account, (III) for the taxable year
723 commencing January 1, 2025, seventy-five per cent of any distribution
724 from an individual retirement account other than a Roth individual
725 retirement account, and (IV) for the taxable year commencing January
726 1, 2026, and each taxable year thereafter, any distribution from an
727 individual retirement account other than a Roth individual retirement
728 account. The subtraction under this clause shall be made in accordance
729 with the following schedule:

T278	<u>Federal Adjusted Gross Income</u>	<u>Deduction</u>
T279	<u>Less than \$100,000</u>	<u>100.0%</u>
T280	<u>\$100,000 but not over \$104,999</u>	<u>85.0%</u>
T281	<u>\$105,000 but not over \$109,999</u>	<u>70.0%</u>
T282	<u>\$110,000 but not over \$114,999</u>	<u>55.0%</u>
T283	<u>\$115,000 but not over \$119,999</u>	<u>40.0%</u>
T284	<u>\$120,000 but not over \$124,999</u>	<u>25.0%</u>
T285	<u>\$125,000 but not over \$129,999</u>	<u>10.0%</u>
T286	<u>\$130,000 but not over \$139,999</u>	<u>5.0%</u>
T287	<u>\$140,000 but not over \$149,999</u>	<u>2.5%</u>
T288	<u>\$150,000 and over</u>	<u>0.0%</u>

730 [(xxvii)] (xxx) To the extent properly includable in gross income for
731 federal income tax purposes, for the taxable year commencing January
732 1, 2022, the amount or amounts paid or otherwise credited to any
733 eligible resident of this state under (I) the 2020 Earned Income Tax
734 Credit enhancement program from funding allocated to the state
735 through the Coronavirus Relief Fund established under the Coronavirus
736 Aid, Relief, and Economic Security Act, P.L. 116-136, and (II) the 2021
737 Earned Income Tax Credit enhancement program from funding
738 allocated to the state pursuant to Section 9901 of Subtitle M of Title IX of
739 the American Rescue Plan Act of 2021, P.L. 117-2.

740 Sec. 3. Subsection (a) of section 12-704e of the general statutes is
741 repealed and the following is substituted in lieu thereof (*Effective from*
742 *passage*):

743 (a) Any resident of this state, as defined in subdivision (1) of
744 subsection (a) of section 12-701, who is subject to the tax imposed under
745 this chapter for any taxable year shall be allowed a credit against the tax
746 otherwise due under this chapter in an amount equal to the applicable
747 percentage of the earned income credit claimed and allowed for the
748 same taxable year under Section 32 of the Internal Revenue Code, as
749 defined in subsection (a) of section 12-701. As used in this section,
750 "applicable percentage" means (1) twenty-three per cent for taxable
751 years commencing prior to January 1, 2021, [and] (2) thirty and one-half
752 per cent for taxable years commencing on or after January 1, 2021, and
753 prior to January 1, 2023, and (3) forty per cent for taxable years
754 commencing on or after January 1, 2023.

755 Sec. 4. Section 12-217x of the general statutes is repealed and the
756 following is substituted in lieu thereof (*Effective January 1, 2024*):

757 (a) For purposes of this section, "human capital investment" means
758 the amount paid or incurred by a corporation on;

759 (1) [job] Job training [which] that occurs in this state for persons who
760 are employed in this state;

761 (2) [work] Work education programs in this state, including, but not
762 limited to, programs in public high schools and work education-
763 diversified occupations programs in this state;

764 (3) [worker] Worker training and education for persons who are
765 employed in this state provided by institutions of higher education in
766 this state;

767 (4) [donations] Donations or capital contributions to institutions of
768 higher education in this state for improvements or advancements of
769 technology, including physical plant improvements;

770 (5) [planning] Planning, site preparation, construction, renovation or
771 acquisition of facilities in this state for the purpose of establishing a child
772 care center, as described in section 19a-77, in this state to be used
773 primarily by the children of employees who are employed in this state;

774 (6) Donations or capital contributions to an organization exempt from
775 taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of
776 1986, or any subsequent corresponding internal revenue code of the
777 United States, as amended from time to time, for the planning, site
778 preparation, construction, renovation or acquisition of facilities in this
779 state for the purpose of establishing a child care center in this state to be
780 used by children residing in the community, including the children of
781 employees who are employed in this state;

782 [(6) subsidies] (7) Subsidies to employees who are employed in this
783 state for child care to be provided in this state; and

784 [(7) contributions] (8) Contributions made to the Individual
785 Development Account Reserve Fund, as defined in section 31-51ww.

786 (b) There shall be allowed a credit for any corporation against the tax
787 imposed under this chapter in an amount spent by such corporation, as
788 a human capital investment as follows: (1) For any income year
789 commencing on or after January 1, 1998, and prior to January 1, 1999,
790 equal to three per cent of such amount paid or incurred by the

791 corporation during such income year; (2) for any income year
792 commencing on or after January 1, 1999, and prior to January 1, 2000,
793 equal to four per cent of such amount paid or incurred by the
794 corporation during such income year; [and] (3) for any income year
795 commencing on or after January 1, 2000, equal to five per cent of such
796 amount paid or incurred by the corporation during such income year;
797 and (4) for any income year commencing on or after January 1, 2024, (A)
798 equal to ten per cent of the amount paid or incurred by the corporation
799 during such income year for the purposes set forth in subdivisions (1)
800 to (4), inclusive, and subdivision (8) of subsection (a) of this section, and
801 (B) equal to twenty-five per cent of the amount paid or incurred by the
802 corporation during such income year for the purposes set forth in
803 subdivisions (5) to (7), inclusive, of subsection (a) of this section.

804 (c) The amount of credit allowed to any corporation under this
805 section shall not exceed the amount of tax due from such corporation
806 under this chapter with respect to such income year.

807 (d) No corporation claiming the credit under this section with respect
808 to a human capital investment as defined in subsection (a) of this section
809 shall claim a credit against any tax under any other provision of the
810 general statutes against any tax with respect to the same investment.

811 (e) Any tax credit not used in the income year during which the
812 investment was made may be carried forward for the five immediately
813 succeeding income years until the full credit has been allowed.

814 Sec. 5. (NEW) (*Effective July 1, 2023*) (a) The Commissioner of Revenue
815 Services shall annually:

816 (1) Estimate the state tax gap and develop an overall strategy to
817 promote compliance and discourage tax avoidance. Such estimate shall
818 include an analysis of income distribution and population distribution
819 expressed for (A) every ten percentage points, (B) the top five per cent
820 of all income taxpayers, (C) the top one per cent of all income taxpayers,
821 and (D) the top one-half of one per cent of all income taxpayers. As used
822 in this section, "tax gap" means the difference between taxes owed under

823 full compliance with all state tax laws and the state taxes voluntarily
824 paid, where such difference may be due to a failure to file taxes,
825 underreporting of tax liability or not paying all taxes owing;

826 (2) Evaluate the specific staffing needs of the Department of Revenue
827 Services to implement such overall strategy and reduce the state tax gap
828 and determine the progress made, if any, towards filling such staffing
829 needs; and

830 (3) Conduct (A) a cost benefit analysis of each major tax compliance
831 initiative undertaken by the department in the preceding fiscal year,
832 including tax amnesty programs, and (B) an analysis of audit rates, by
833 income level, undertaken by the department in the preceding fiscal year.

834 (b) On or before December 15, 2023, and annually thereafter, the
835 commissioner shall submit a report, in accordance with the provisions
836 of section 11-4a of the general statutes, to the joint standing committee
837 of the General Assembly having cognizance of matters relating to
838 finance, revenue and bonding and appropriations. Such report shall be
839 posted on the Department of Revenue Service's Internet web site and
840 shall include (1) the tax gap estimate and analysis and the compliance
841 strategy developed under subdivision (1) of subsection (a) of this section
842 and any information supporting the amount of the tax gap estimate, (2)
843 a summary of the evaluation and determination of the department's
844 staffing needs under subdivision (2) of subsection (a) of this section, and
845 (3) the findings of the analyses conducted under subdivision (3) of
846 subsection (a) of this section.

847 (c) On or before July 1, 2024, the commissioner shall publish a
848 strategic plan that includes the department's mission, measurable goals
849 that define how the mission is to be accomplished, specific strategies to
850 achieve the goals and a timetable to measure progress toward achieving
851 those goals. Such plan shall be posted on the department's Internet web
852 site and updated annually.

853 Sec. 6. Section 12-7c of the general statutes is repealed and the
854 following is substituted in lieu thereof (*Effective July 1, 2023*):

855 (a) The Commissioner of Revenue Services shall, on or before
856 December 15, 2023, and biennially thereafter, submit to the joint
857 standing committee of the General Assembly having cognizance of
858 matters relating to finance, revenue and bonding, and post on the
859 department's Internet web site a report on the overall incidence of the
860 personal income tax, the affected business entity tax, sales and excise
861 taxes, the corporation business tax, [and] property tax and any other tax
862 that generated at least one hundred million dollars in the most recent
863 fiscal year prior to the submission of each report, for each of the most
864 recent ten tax years for which complete data are available.

865 (1) The report shall include incidence projections for each such tax
866 and shall present information on the distribution of the tax burden as
867 follows:

868 [(1)] (A) For individuals:

869 [(A)] (i) Income classes, including income distribution and
870 population distribution expressed for [(i)] (I) every ten percentage
871 points, [(ii)] (II) the top five per cent of all income taxpayers, [and (iii)]
872 (III) the top one per cent of all income taxpayers, [;] and (IV) the top one-
873 half of one per cent of all income taxpayers;

874 (ii) For each income class, the percentage of taxpayers who (I) are
875 homeowners, (II) are single, (III) are married, (IV) are seniors, or (V)
876 have children;

877 (iii) For each income class, the average market value of a home and
878 the average monthly rent;

879 (iv) Effective tax rates by population distribution expressed as state
880 taxes compared to local taxes;

881 (v) Effective tax rates by population distribution expressed as taxes
882 imposed on businesses compared to taxes imposed on individuals; and

883 [(B)] (vi) Other appropriate taxpayer characteristics, as determined
884 by said commissioner.

885 [(2)] (B) For businesses:

886 [(A)] (i) Business size as established by gross receipts;

887 [(B)] (ii) Legal organization; and

888 [(C)] (iii) Industry by NAICS code.

889 (2) In addition to the information required under subdivision (1) of
890 this subsection, the report shall include the following:

891 (A) For the personal income tax, information on the distribution of
892 the property tax credit under section 12-704c, the earned income tax
893 credit under section 12-704e, the affected business entity tax credit
894 under section 12-699 and any other credit against the personal income
895 tax that resulted in a revenue loss to the state of at least twenty-five
896 million dollars in the most recent fiscal year prior to the submission of
897 each report;

898 (B) For property tax, information on the distribution of residential
899 and commercial property and for residential property, the distribution
900 of homeowners and renters; and

901 (C) For any other tax other than the personal income tax or property
902 tax that generated at least one hundred million dollars in the most recent
903 fiscal year prior to the submission of each report, information on the
904 distribution of any credit against such tax that resulted in a revenue loss
905 to the state of at least twenty-five million dollars in the most recent fiscal
906 year prior to the submission of each report.

907 (b) The Commissioner of Revenue Services may enter into a contract
908 with any public or private entity for the purpose of preparing the report
909 required pursuant to subsection (a) of this section, provided, if the
910 commissioner enters into such contract, the commissioner shall include
911 in such report the resources that the commissioner deems necessary to
912 allow the Department of Revenue Services to prepare such report in-
913 house.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2024</i>	12-700(a)
Sec. 2	<i>from passage and applicable to taxable years commencing on or after January 1, 2023</i>	12-701(a)(20)(B)
Sec. 3	<i>from passage</i>	12-704e(a)
Sec. 4	<i>January 1, 2024</i>	12-217x
Sec. 5	<i>July 1, 2023</i>	New section
Sec. 6	<i>July 1, 2023</i>	12-7c

Statement of Purpose:

To (1) make adjustments to certain personal income tax rates, (2) establish income phase-out thresholds for the personal income tax deductions for pension and annuity income and individual retirement accounts, (3) increase the applicable percentage of the earned income tax credit, (4) expand the tax credit for human capital investment, (5) require the Commissioner of Revenue Services to provide information related to the tax gap, and (6) require additional information to be included in the tax incidence report.

[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.]