AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE BIENNIAL BUDGET.

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

Section 1. Subdivision (4) of subsection (b) of section 12-214 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage and applicable to income years commencing on or after January 1, 2023):

(4) (A) With respect to income years commencing on or after January 1, 2018, and prior to January 1, [2023] 2026, any company subject to the tax imposed in accordance with subsection (a) of this section shall pay, for such income year, except when the tax so calculated is equal to two hundred fifty dollars, an additional tax in an amount equal to ten percent of the tax calculated under said subsection (a) for such income year, without reduction of the tax so calculated by the amount of any credit against such tax. The additional amount of tax determined under this subsection for any income year shall constitute a part of the tax imposed by the provisions of said subsection (a) and shall become due and be paid, collected and enforced as provided in this chapter.

(B) Any company whose gross income for the income year was less than one hundred million dollars shall not be subject to the additional
tax imposed under subparagraph (A) of this subdivision. This exception shall not apply to taxable members of a combined group that files a combined unitary tax return.

Sec. 2. Subdivision (4) of subsection (b) of section 12-219 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage and applicable to income years commencing on or after January 1, 2023):

(4) (A) With respect to income years commencing on or after January 1, 2018, and prior to January 1, [2023] 2026, the additional tax imposed on any company and calculated in accordance with subsection (a) of this section shall, for such income year, except when the tax so calculated is equal to two hundred fifty dollars, be increased by adding thereto an amount equal to ten per cent of the additional tax so calculated for such income year, without reduction of the tax so calculated by the amount of any credit against such tax. The increased amount of tax payable by any company under this section, as determined in accordance with this subsection, shall become due and be paid, collected and enforced as provided in this chapter.

(B) Any company whose gross income for the income year was less than one hundred million dollars shall not be subject to the additional tax imposed under subparagraph (A) of this subdivision. This exception shall not apply to taxable members of a combined group that files a combined unitary tax return.

Sec. 3. (Effective from passage) The provisions of section 12-242d of the general statutes shall not apply to any additional tax due as a result of the changes made to subdivision (4) of subsection (b) of section 12-214 of the general statutes pursuant to section 1 of this act or to subdivision (4) of section 12-219 of the general statutes pursuant to section 2 of this act, for income years commencing on or after January 1, 2023, but prior to the effective date of sections 1 and 2 of this act.

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

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

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

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

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

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

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

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

(7) Subsidies to employees who are employed in this state for child care to be provided in this state; and
(b) There shall be allowed a credit for any corporation against the tax imposed under this chapter in an amount spent by such corporation, as a human capital investment as follows: (1) For any income year commencing on or after January 1, 1998, and prior to January 1, 1999, equal to three per cent of such amount paid or incurred by the corporation during such income year; (2) for any income year commencing on or after January 1, 1999, and prior to January 1, 2000, equal to four per cent of such amount paid or incurred by the corporation during such income year; [and] (3) for any income year commencing on or after January 1, 2000, equal to five per cent of such amount paid or incurred by the corporation during such income year; and (4) for any income year commencing on or after January 1, 2024, (A) equal to ten per cent of the amount paid or incurred by the corporation during such income year for the purposes set forth in subdivisions (1) to (4), inclusive, and subdivision (8) of subsection (a) of this section, and (B) equal to twenty-five per cent of the amount paid or incurred by the corporation during such income year for the purposes set forth in subdivisions (5) to (7), inclusive, of subsection (a) of this section.

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

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

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

Sec. 5. Subsection (a) of section 12-704e of the general statutes is
repealed and the following is substituted in lieu thereof *(Effective from passage)*:

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

Sec. 6. Subsection (a) of section 12-700 of the general statutes is repealed and the following is substituted in lieu thereof *(Effective January 1, 2024)*:

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

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

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

<table>
<thead>
<tr>
<th>T1</th>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>T2</td>
<td>Not over $2,250</td>
<td>3.0%</td>
</tr>
</tbody>
</table>
(B) For any person who files a return under the federal income tax for such taxable year as a head of household, as defined in Section 2(b) of the Internal Revenue Code:

<table>
<thead>
<tr>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $3,500</td>
<td>3.0%</td>
</tr>
<tr>
<td>Over $3,500</td>
<td>$105.00, plus 4.5% of the excess over $3,500</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $4,500</td>
<td>3.0%</td>
</tr>
<tr>
<td>Over $4,500</td>
<td>$135.00, plus 4.5% of the excess over $4,500</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over $2,250</td>
<td>$67.50, plus 4.5% of the excess over $2,250</td>
</tr>
</tbody>
</table>

(A) For any person who files a return under the federal income tax for such taxable year as an unmarried individual or as a married individual filing separately:
Substitute Bill No. 981

| T14 | Not over $6,250 | 3.0% |
| T15 | Over $6,250 | $187.50, plus 4.5% of the excess over $6,250 |

(B) For any person who files a return under the federal income tax for such taxable year as a head of household, as defined in Section 2(b) of 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 excess over $10,000 |

(C) For any husband and wife who file a return under the federal income tax for such taxable year as married individuals filing jointly or any person who files a return under the federal income tax for such taxable year as a surviving spouse, as defined in Section 2(a) of the 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 excess over $12,500 |

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

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

(A) For any person who files a return under the federal income tax for such taxable year as an unmarried individual or as a married individual filing separately:
<table>
<thead>
<tr>
<th>T25</th>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not over $7,500</td>
<td>3.0%</td>
</tr>
<tr>
<td></td>
<td>Over $7,500</td>
<td>$225.00, plus 4.5% of the excess over $7,500</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>T29</th>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not over $12,000</td>
<td>3.0%</td>
</tr>
<tr>
<td></td>
<td>Over $12,000</td>
<td>$360.00, plus 4.5% of the excess over $12,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>T33</th>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not over $15,000</td>
<td>3.0%</td>
</tr>
<tr>
<td></td>
<td>Over $15,000</td>
<td>$450.00, plus 4.5% of the excess over $15,000</td>
</tr>
</tbody>
</table>

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>T37</td>
<td>Not over $10,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>T38</td>
<td>Over $10,000</td>
<td>$300.00, plus 4.5% of the excess over $10,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>T41</td>
<td>Not over $16,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>T42</td>
<td>Over $16,000</td>
<td>$480.00, plus 4.5% of the excess over $16,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>T45</td>
<td>Not over $20,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>T46</td>
<td>Over $20,000</td>
<td>$600.00, plus 4.5% of the excess over $20,000</td>
</tr>
</tbody>
</table>

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

(6) For taxable years commencing on or after January 1, 2003, but prior to January 1, 2009, in accordance with the following schedule:
A (A) For any person who files a return under the federal income tax for such taxable year as an unmarried individual or as a married individual filing separately:

<table>
<thead>
<tr>
<th>T49</th>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>T50</td>
<td>Not over $10,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>T51</td>
<td>Over $10,000</td>
<td>$300.00, plus 5.0% of the excess over $10,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>T53</th>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>T54</td>
<td>Not over $16,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>T55</td>
<td>Over $16,000</td>
<td>$480.00, plus 5.0% of the excess over $16,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>T57</th>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>T58</td>
<td>Not over $20,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>T59</td>
<td>Over $20,000</td>
<td>$600.00, plus 5.0% of the excess over $20,000</td>
</tr>
</tbody>
</table>

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

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

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

<table>
<thead>
<tr>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $10,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>Over $10,000 but not over $500,000</td>
<td>$300.00, plus 5.0% of the excess over $10,000</td>
</tr>
<tr>
<td>Over $500,000</td>
<td>$24,800, plus 6.5% of the excess over $500,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $16,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>Over $16,000 but not over $800,000</td>
<td>$480.00, plus 5.0% of the excess over $16,000</td>
</tr>
<tr>
<td>Over $800,000</td>
<td>$39,680, plus 6.5% of the excess over $800,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $20,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>Over $20,000 but not over $1,000,000</td>
<td>$600.00, plus 5.0% of the excess over $20,000</td>
</tr>
</tbody>
</table>
(D) For any person who files a return under the federal income tax for such taxable year as a married individual filing separately:

<table>
<thead>
<tr>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $10,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>Over $10,000 but not $50,000</td>
<td>$300.00, plus 5.0% of the excess over $10,000</td>
</tr>
<tr>
<td>Over $50,000</td>
<td>$24,800, plus 6.5% of the excess over $50,000</td>
</tr>
</tbody>
</table>

(E) For trusts or estates, the rate of tax shall be 6.5% of the Connecticut taxable income.

(8) For taxable years commencing on or after January 1, 2011, but prior to January 1, 2015, in accordance with the following schedule:

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

<table>
<thead>
<tr>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $10,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>Over $10,000 but not $50,000</td>
<td>$300.00, plus 5.0% of the excess over $10,000</td>
</tr>
<tr>
<td>Over $50,000 but not $100,000</td>
<td>$2,300, plus 5.5% of the excess over $50,000</td>
</tr>
<tr>
<td>Over $100,000 but not $200,000</td>
<td>$5,050, plus 6.0% of the excess over $100,000</td>
</tr>
<tr>
<td>Over $200,000 but not $250,000</td>
<td>$11,050, plus 6.5% of the excess over $200,000</td>
</tr>
<tr>
<td>Over $250,000</td>
<td>$14,300, plus 6.7% of the excess over $250,000</td>
</tr>
</tbody>
</table>
(ii) Notwithstanding the provisions of subparagraph (A)(i) of this subdivision, for each taxpayer whose Connecticut adjusted gross income exceeds fifty-six thousand five hundred dollars, the amount of the taxpayer's Connecticut taxable income to which the three-per-cent tax rate applies shall be reduced by one thousand dollars for each five thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount. Any such amount of Connecticut taxable income to which, as provided in the preceding sentence, the three-per-cent tax rate does not apply shall be an amount to which the five-per-cent tax rate shall apply.

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

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

<table>
<thead>
<tr>
<th>T97</th>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>T98</td>
<td>Not over $16,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>T99</td>
<td>Over $16,000 but not over $80,000</td>
<td>$480.00, plus 5.0% of the excess over $16,000</td>
</tr>
<tr>
<td>T100</td>
<td>Over $80,000 but not over $160,000</td>
<td>$3,680, plus 5.5% of the excess over $80,000</td>
</tr>
<tr>
<td>T101</td>
<td>Over $160,000 but not over $320,000</td>
<td>$8,080, plus 6.0% of the excess over $160,000</td>
</tr>
<tr>
<td>T103</td>
<td>Over $320,000 but not over $1,000,000</td>
<td>$17,680, plus 6.5% of the excess over $320,000</td>
</tr>
</tbody>
</table>
(ii) Notwithstanding the provisions of subparagraph (B)(i) of this subdivision, for each taxpayer whose Connecticut adjusted gross income exceeds seventy-eight thousand five hundred dollars, the amount of the taxpayer’s Connecticut taxable income to which the three-
per-cent tax rate applies shall be reduced by one thousand six hundred dollars for each four thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount. Any such amount of Connecticut taxable income to which, as provided in the preceding sentence, the three-per-cent tax rate does not apply shall be an amount to which the five-per-cent tax rate shall apply.

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

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

<table>
<thead>
<tr>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $20,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>Over $20,000 but not over $100,000</td>
<td>$600.00, plus 5.0% of the excess over $20,000</td>
</tr>
</tbody>
</table>
(ii) Notwithstanding the provisions of subparagraph (C)(i) of this subdivision, for each taxpayer whose Connecticut adjusted gross income exceeds one hundred thousand five hundred dollars, the amount of the taxpayer's Connecticut taxable income to which the three-per-cent tax rate applies shall be reduced by two thousand dollars for each five thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount. Any such amount of Connecticut taxable income to which, as provided in the preceding sentence, the three-per-cent tax rate does not apply shall be an amount to which the five-per-cent tax rate shall apply.

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

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

<table>
<thead>
<tr>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over $100,000 but not over $200,000</td>
<td>$4,600, plus 5.5% of the excess over $100,000</td>
</tr>
<tr>
<td>Over $200,000 but not over $400,000</td>
<td>$10,100, plus 6.0% of the excess over $200,000</td>
</tr>
<tr>
<td>Over $400,000 but not over $500,000</td>
<td>$22,100, plus 6.5% of the excess over $400,000</td>
</tr>
<tr>
<td>Over $500,000</td>
<td>$28,600, plus 6.70% of the excess over $500,000</td>
</tr>
<tr>
<td>T122</td>
<td>Not over $10,000</td>
</tr>
<tr>
<td>------</td>
<td>------------------------</td>
</tr>
<tr>
<td>T123</td>
<td>Over $10,000 but not</td>
</tr>
<tr>
<td></td>
<td>over $50,000</td>
</tr>
<tr>
<td>T124</td>
<td>Over $50,000 but not</td>
</tr>
<tr>
<td></td>
<td>over $100,000</td>
</tr>
<tr>
<td>T125</td>
<td>Over $100,000 but not</td>
</tr>
<tr>
<td></td>
<td>over $200,000</td>
</tr>
<tr>
<td>T126</td>
<td>Over $200,000 but not</td>
</tr>
<tr>
<td></td>
<td>over $250,000</td>
</tr>
<tr>
<td>T127</td>
<td>Over $250,000</td>
</tr>
<tr>
<td>T132</td>
<td></td>
</tr>
</tbody>
</table>

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

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

(E) For trusts or estates, the rate of tax shall be 6.70% of the Connecticut taxable income.
(9) For taxable years commencing on or after January 1, 2015, but prior to January 1, 2024, in accordance with the following schedule:

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

<table>
<thead>
<tr>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $10,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>Over $10,000 but not over $50,000</td>
<td>$300.00, plus 5.0% of the excess over $10,000</td>
</tr>
<tr>
<td>Over $50,000 but not over $100,000</td>
<td>$2,300, plus 5.5% of the excess over $50,000</td>
</tr>
<tr>
<td>Over $100,000 but not over $200,000</td>
<td>$5,050, plus 6.0% of the excess over $100,000</td>
</tr>
<tr>
<td>Over $200,000 but not over $250,000</td>
<td>$11,050, plus 6.5% of the excess over $200,000</td>
</tr>
<tr>
<td>Over $250,000 but not over $500,000</td>
<td>$14,300, plus 6.9% of the excess over $250,000</td>
</tr>
<tr>
<td>Over $500,000</td>
<td>$31,550, plus 6.99% of the excess over $500,000</td>
</tr>
</tbody>
</table>

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

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

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

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

<table>
<thead>
<tr>
<th>T147</th>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>T148</td>
<td>Not over $16,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>T149</td>
<td>Over $16,000 but not</td>
<td>$480.00, plus 5.0% of the</td>
</tr>
<tr>
<td></td>
<td>over $80,000</td>
<td>excess over $16,000</td>
</tr>
<tr>
<td>T150</td>
<td>Over $80,000 but not</td>
<td>$3,680, plus 5.5% of the</td>
</tr>
<tr>
<td></td>
<td>over $160,000</td>
<td>excess over $80,000</td>
</tr>
<tr>
<td>T151</td>
<td>Over $160,000 but not</td>
<td>$8,080, plus 6.0% of the</td>
</tr>
<tr>
<td></td>
<td>over $320,000</td>
<td>excess over $160,000</td>
</tr>
<tr>
<td>T152</td>
<td>Over $320,000 but not</td>
<td>$17,680, plus 6.5% of the</td>
</tr>
<tr>
<td></td>
<td>over $400,000</td>
<td>excess over $320,000</td>
</tr>
<tr>
<td>T153</td>
<td>Over $400,000 but not</td>
<td>$22,880, plus 6.9% of the</td>
</tr>
<tr>
<td></td>
<td>over $800,000</td>
<td>excess over $400,000</td>
</tr>
<tr>
<td>T154</td>
<td>Over $800,000</td>
<td>$50,480, plus 6.99% of the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>excess over $800,000</td>
</tr>
</tbody>
</table>

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

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>T161: Connecticut Taxable Income</td>
<td>T162: Not over $20,000</td>
</tr>
<tr>
<td>T163</td>
<td>Over $20,000 but not $100,000</td>
</tr>
<tr>
<td>T164</td>
<td>over $100,000</td>
</tr>
<tr>
<td>T165</td>
<td>Over $100,000 but not $200,000</td>
</tr>
<tr>
<td>T166</td>
<td>over $200,000</td>
</tr>
<tr>
<td>T167</td>
<td>Over $200,000 but not $400,000</td>
</tr>
<tr>
<td>T168</td>
<td>over $400,000</td>
</tr>
<tr>
<td>T169</td>
<td>Over $400,000 but not $500,000</td>
</tr>
<tr>
<td>T170</td>
<td>over $500,000</td>
</tr>
<tr>
<td>T171</td>
<td>Over $500,000 but not $1,000,000</td>
</tr>
<tr>
<td>T172</td>
<td>over $1,000,000</td>
</tr>
<tr>
<td>T173</td>
<td>Over $1,000,000</td>
</tr>
</tbody>
</table>

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

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

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

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

<table>
<thead>
<tr>
<th>T175</th>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>T176</td>
<td>Not over $10,000</td>
<td>3.0%</td>
</tr>
<tr>
<td>T177</td>
<td>Over $10,000 but not over $50,000</td>
<td>$300.00, plus 5.0% of the excess over $10,000</td>
</tr>
<tr>
<td>T178</td>
<td>Over $50,000 but not over $100,000</td>
<td>$2,300, plus 5.5% of the excess over $50,000</td>
</tr>
<tr>
<td>T179</td>
<td>Over $100,000 but not over $200,000</td>
<td>$5,050, plus 6.0% of the excess over $100,000</td>
</tr>
<tr>
<td>T180</td>
<td>Over $200,000 but not over $250,000</td>
<td>$11,050, plus 6.5% of the excess over $200,000</td>
</tr>
<tr>
<td>T181</td>
<td>Over $250,000 but not over $500,000</td>
<td>$14,300, plus 6.9% of the excess over $250,000</td>
</tr>
<tr>
<td>T182</td>
<td>Over $500,000</td>
<td>$31,550, plus 6.99% of the excess over $500,000</td>
</tr>
</tbody>
</table>

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

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

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

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

(10) For taxable years commencing on or after January 1, 2024, in accordance with the following schedule:

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

<table>
<thead>
<tr>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $10,000</td>
<td>2.0%</td>
</tr>
<tr>
<td>Over $10,000 but not over $50,000</td>
<td>$200.00, plus 4.75% of the excess over $10,000</td>
</tr>
<tr>
<td>Over $50,000 but not over $100,000</td>
<td>$2,100, plus 5.5% of the excess over $50,000</td>
</tr>
<tr>
<td>Over $100,000 but not</td>
<td>$4,850, plus 6.0% of the</td>
</tr>
</tbody>
</table>
(ii) Notwithstanding the provisions of subparagraph (A)(i) of this subdivision, for each taxpayer whose Connecticut adjusted gross income exceeds fifty-six thousand five hundred dollars, the amount of the taxpayer's Connecticut taxable income to which the two-per-cent tax rate applies shall be reduced by one thousand dollars for each five thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount. Any such amount of Connecticut taxable income to which, as provided in the preceding sentence, the two-per-cent tax rate does not apply shall be an amount to which the four-and-three-quarters-per-cent tax rate shall apply.

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

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>T204</td>
<td>Not over $16,000</td>
<td>2.0%</td>
</tr>
<tr>
<td>T205</td>
<td>Over $16,000 but not over $80,000</td>
<td>$320.00, plus 4.75% of the excess over $16,000</td>
</tr>
<tr>
<td>T206</td>
<td>Over $80,000 but not over $160,000</td>
<td>$3,360, plus 5.5% of the excess over $80,000</td>
</tr>
<tr>
<td>T207</td>
<td>Over $160,000 but not over $320,000</td>
<td>$7,760, plus 6.0% of the excess over $160,000</td>
</tr>
<tr>
<td>T208</td>
<td>Over $320,000</td>
<td>$17,360, plus 6.5% of the excess over $320,000</td>
</tr>
<tr>
<td>T209</td>
<td>Over $400,000 but not over $800,000</td>
<td>$22,560, plus 6.9% of the excess over $400,000</td>
</tr>
<tr>
<td>T210</td>
<td>Over $800,000</td>
<td>$50,160, plus 6.99% of the excess over $800,000</td>
</tr>
</tbody>
</table>

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

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

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

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

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

<table>
<thead>
<tr>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $20,000</td>
<td>2.0%</td>
</tr>
</tbody>
</table>
(ii) Notwithstanding the provisions of subparagraph (C)(i) of this subdivision, for each taxpayer whose Connecticut adjusted gross income exceeds one hundred thousand five hundred dollars, the amount of the taxpayer's Connecticut taxable income to which the two-per-cent tax rate applies shall be reduced by two thousand dollars for each five thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount. Any such amount of Connecticut taxable income to which, as provided in the preceding sentence, the two-per-cent tax rate does not apply shall be an amount to which the four-and-three-quarters-per-cent tax rate shall apply.

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

(v) Each taxpayer whose Connecticut adjusted gross income exceeds four hundred thousand dollars shall pay, in addition to the tax computed under the provisions of subparagraphs (C)(i), (C)(ii), (C)(iii) and, if applicable, (C)(iv) of this subdivision, two hundred fifty dollars.

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

<table>
<thead>
<tr>
<th>Connecticut Taxable Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $10,000</td>
<td>2.0%</td>
</tr>
<tr>
<td>Over $10,000 but not over $50,000</td>
<td>$200.00, plus 4.75% of the excess over $10,000</td>
</tr>
<tr>
<td>Over $50,000 but not over $100,000</td>
<td>$2,100, plus 5.5% of the excess over $50,000</td>
</tr>
<tr>
<td>Over $100,000 but not over $200,000</td>
<td>$4,850, plus 6.0% of the excess over $100,000</td>
</tr>
<tr>
<td>Over $200,000 but not over $250,000</td>
<td>$10,850, plus 6.5% of the excess over $200,000</td>
</tr>
<tr>
<td>Over $250,000 but not over $500,000</td>
<td>$14,100, plus 6.9% of the excess over $250,000</td>
</tr>
<tr>
<td>Over $500,000</td>
<td>$31,350, plus 6.99% of the excess over $500,000</td>
</tr>
</tbody>
</table>

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

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

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

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

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

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

Sec. 7. Subparagraph (B) of subdivision (20) of subsection (a) of section 12-701 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage and applicable to taxable years commencing on or after January 1, 2023):

(B) There shall be subtracted therefrom:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xxii) To the extent properly includable in gross income for federal income tax purposes, except for retirement benefits under clause (iv) of this subparagraph and retirement pay under clause (xvii) of this subparagraph, any pension or annuity income for the taxable year commencing on or after January 1, 2023, and each taxable year thereafter, in accordance with the following schedule, for a person who files a return under the federal income tax as an unmarried individual whose federal adjusted gross income for such taxable year is less than one hundred thousand dollars, or as a married individual filing separately whose federal adjusted gross income for such taxable year is less than one hundred thousand dollars, or as a head of household whose federal adjusted gross income for such taxable year is less than one hundred thousand dollars:

<table>
<thead>
<tr>
<th>Federal Adjusted Gross Income</th>
<th>Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $75,000</td>
<td>100.0%</td>
</tr>
<tr>
<td>$75,000 but not over $77,499</td>
<td>85.0%</td>
</tr>
<tr>
<td>$77,500 but not over $79,999</td>
<td>70.0%</td>
</tr>
<tr>
<td>$80,000 but not over $82,499</td>
<td>55.0%</td>
</tr>
<tr>
<td>$82,500 but not over $84,999</td>
<td>40.0%</td>
</tr>
<tr>
<td>$85,000 but not over $87,499</td>
<td>25.0%</td>
</tr>
<tr>
<td>$87,500 but not over $89,999</td>
<td>10.0%</td>
</tr>
</tbody>
</table>
(xxiii) To the extent properly includable in gross income for federal income tax purposes, except for retirement benefits under clause (iv) of this subparagraph and retirement pay under clause (xvii) of this subparagraph, any pension or annuity income for the taxable year commencing on or after January 1, 2023, and each taxable year thereafter, in accordance with the following schedule for married individuals who file a return under the federal income tax as married individuals filing jointly whose federal adjusted gross income for such taxable year is less than one hundred fifty thousand dollars:

<table>
<thead>
<tr>
<th>Federal Adjusted Gross Income</th>
<th>Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $100,000</td>
<td>100.0%</td>
</tr>
<tr>
<td>$100,000 but not over $104,999</td>
<td>85.0%</td>
</tr>
<tr>
<td>$105,000 but not over $109,999</td>
<td>70.0%</td>
</tr>
<tr>
<td>$110,000 but not over $114,999</td>
<td>55.0%</td>
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<tr>
<td>$110,000 but not over $114,999</td>
<td>55.0%</td>
</tr>
<tr>
<td>$115,000 but not over $119,999</td>
<td>40.0%</td>
</tr>
<tr>
<td>$120,000 but not over $124,999</td>
<td>25.0%</td>
</tr>
<tr>
<td>$125,000 but not over $129,999</td>
<td>10.0%</td>
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<tr>
<td>$130,000 but not over $139,999</td>
<td>5.0%</td>
</tr>
<tr>
<td>$140,000 but not over $149,999</td>
<td>2.5%</td>
</tr>
<tr>
<td>$150,000 and over</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

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

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

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

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

[(xxv)] (xxviii) To the extent properly includable in gross income for
federal income tax purposes, for a person who files a return under the
federal income tax as an unmarried individual whose federal adjusted
gross income for such taxable year is less than [seventy-five] one
hundred thousand dollars, or as a married individual filing separately
whose federal adjusted gross income for such taxable year is less than
[seventy-five] one hundred thousand dollars, or as a head of household
whose federal adjusted gross income for such taxable year is less than
[seventy-five] one hundred thousand dollars, or for a husband and wife
who file a return under the federal income tax as married individuals
filing jointly whose federal adjusted gross income for such taxable year
is less than one hundred thousand dollars,] (I) for the taxable year
commencing January 1, 2023, twenty-five per cent of any distribution
from an individual retirement account other than a Roth individual
retirement account, (II) for the taxable year commencing January 1, 2024,
fifty per cent of any distribution from an individual retirement account
other than a Roth individual retirement account, (III) for the taxable year
commencing January 1, 2025, seventy-five per cent of any distribution
from an individual retirement account other than a Roth individual retirement account, and (IV) for the taxable year commencing January 1, 2026, and each taxable year thereafter, any distribution from an individual retirement account other than a Roth individual retirement account. [; and] The subtraction under this clause shall be made in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Federal Adjusted Gross Income</th>
<th>Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $75,000</td>
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<tr>
<td>$75,000 but not over $77,499</td>
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</tr>
<tr>
<td>$90,000 but not over $94,999</td>
<td>5.0%</td>
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<td>2.5%</td>
</tr>
<tr>
<td>$100,000 and over</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

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

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

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

[(xxxi)] For a taxpayer licensed under the provisions of chapter 420f or 420h, the amount of the expenditures that would be eligible to be claimed as a deduction for federal income tax purposes but that are disallowed under Section 280E of the Internal Revenue Code because marijuana is a controlled substance under the federal Controlled Substance Act.

Sec. 8. Section 12-217 of the general statutes is repealed and the
following is substituted in lieu thereof (Effective from passage and applicable to income years commencing on or after January 1, 2023):

(a) (1) In arriving at net income as defined in section 12-213, whether or not the taxpayer is taxable under the federal corporation net income tax, there shall be deducted from gross income; [ ]

(A) [all] All items deductible under the Internal Revenue Code effective and in force on the last day of the income year, except (i) any taxes imposed under the provisions of this chapter [which] that are paid or accrued in the income year and in the income year commencing January 1, 1989, and thereafter, any taxes in any state of the United States or any political subdivision of such state, or the District of Columbia, imposed on or measured by the income or profits of a corporation [which] that are paid or accrued in the income year, (ii) deductions for depreciation, which shall be allowed as provided in subsection (b) of this section, (iii) deductions for qualified domestic production activities income, as provided in Section 199 of the Internal Revenue Code, and (iv) in the case of any captive real estate investment trust, the deduction for dividends paid provided under Section 857(b)(2) of the Internal Revenue Code; [ ] and

(B) [additionally] Additionally, in the case of a regulated investment company, the sum of (i) the exempt-interest dividends, as defined in the Internal Revenue Code, and (ii) expenses, bond premium, and interest related to tax-exempt income that are disallowed as deductions under the Internal Revenue Code; [ ] and

(C) [in] In the case of a taxpayer maintaining an international banking facility as defined in the laws of the United States or the regulations of the Board of Governors of the Federal Reserve System, as either may be amended from time to time, the gross income attributable to the international banking facility, provided [ ] no expense or loss attributable to the international banking facility shall be a deduction under any provision of this section; [ ] and
(D) [additionally] Additionally, in the case of all taxpayers, all dividends as defined in the Internal Revenue Code effective and in force on the last day of the income year not otherwise deducted from gross income, including dividends received from a DISC or former DISC as defined in Section 992 of the Internal Revenue Code and dividends deemed to have been distributed by a DISC or former DISC as provided in Section 995 of said Internal Revenue Code, other than thirty per cent of dividends received from a domestic corporation in which the taxpayer owns less than twenty per cent of the total voting power and value of the stock of such corporation; and

(E) [additionally] Additionally, in the case of all taxpayers, the value of any capital gain realized from the sale of any land, or interest in land, to the state, any political subdivision of the state, or to any nonprofit land conservation organization where such land is to be permanently preserved as protected open space or to a water company, as defined in section 25-32a, where such land is to be permanently preserved as protected open space or as Class I or Class II water company land; and

(F) [in] In the case of a manufacturer, the amount of any contribution to a manufacturing reinvestment account established pursuant to section 32-9zz in the income year that such contribution is made to the extent not deductible for federal income tax purposes; and

(G) [the] The amount of any contribution made on or after December 23, 2017, by the state of Connecticut or a political subdivision thereof to the extent included in a company's gross income under Section 118(b)(2) of the Internal Revenue Code; and

(H) In the case of a taxpayer licensed under the provisions of chapter 420f or 420h, the amount of the expenditures that would be eligible to be claimed as a deduction for federal income tax purposes but that are disallowed under Section 280E of the Internal Revenue Code because marijuana is a controlled substance under the federal Controlled

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Substitute Bill No. 981

Substance Act.

(2) (A) No deduction shall be allowed for (i) expenses related to dividends that are allowable as a deduction or credit under the Internal Revenue Code, and (ii) federal taxes on income or profits, losses of other calendar or fiscal years, retroactive to include all calendar or fiscal years beginning after January 1, 1935, interest received from federal, state and local government securities, if any such deductions are allowed by the federal government.

(B) For purposes of this subdivision, expenses related to dividends shall equal five per cent of all dividends received by a company during an income year. The net income associated with the disallowance of expenses related to dividends shall be apportioned, if the company conducts business within and without the state or is required to apportion its income under section 12-218b, in accordance with this chapter.

(3) Notwithstanding any provision of this section to the contrary, no dividend received from a real estate investment trust shall be deductible under this section by the recipient unless the dividend is: (A) Deductible under Section 243 of the Internal Revenue Code; (B) received by a qualified dividend recipient from a qualified real estate investment trust and, as of the last day of the period for which such dividend is paid, persons, not including the qualified dividend recipient or any person that is either a related person to, or an employee or director of, the qualified dividend recipient, have outstanding cash capital contributions to the qualified real estate investment trust that, in the aggregate, exceed five per cent of the fair market value of the aggregate real estate assets, valued as of the last day of the period for which such dividend is paid, then held by the qualified real estate investment trust; or (C) received from a captive real estate investment trust that is subject to the tax imposed under this chapter. For purposes of this section, "related person" has the same meaning as provided in section 12-217ii, "real estate assets" has the same meaning as provided in Section 856 of the Internal Revenue Code, "qualified dividend recipient" means a
dividend recipient who has invested in a qualified real estate investment
trust prior to April 1, 1997, and "qualified real estate investment trust"
means an entity that both was incorporated and had contributed to it a
minimum of five hundred million dollars' worth of real estate assets
prior to April 1, 1997, and that elects to be a real estate investment trust
under Section 856 of the Internal Revenue Code prior to April 1, 1998.

(4) Notwithstanding any provision of this section: [to the contrary,]

(A) Any excess of the deductions provided in this section for
any income year commencing on or after January 1, 1973, over the gross
income for such year or the amount of such excess apportioned to this
state under the provisions of this chapter, shall be an operating loss of
such income year and shall be deductible as an operating loss carry-over
for operating losses incurred prior to income years commencing January
1, 2000, in each of the five income years following such loss year, and
for operating losses incurred in income years commencing on or after
January 1, 2000, in each of the twenty income years following such loss
year, except that:

(i) For income years commencing prior to January 1, 2015, the
portion of such operating loss that may be deducted as an
operating loss carry-over in any income year following such loss year
shall be limited to the lesser of (I) any net income greater than zero of
such income year following such loss year, or in the case of a company
entitled to apportion its net income under the provisions of this chapter,
the amount of such net income that is apportioned to this state
pursuant thereto, or (II) the excess, if any, of such operating loss over
the total of such net income for each of any prior income years following
such loss year, such net income of each of such prior income years
following such loss year for such purposes being computed without
regard to any operating loss carry-over from such loss year allowed
under this subparagraph and being regarded as not less than zero, and
provided further the operating loss of any income year shall be
deducted in any subsequent year, to the extent available for such
deduction, before the operating loss of any subsequent income year is
For income years commencing on or after January 1, 2015, the portion of such operating loss that may be deducted as an operating loss carry-over in any income year following such loss year shall be limited to the lesser of (I) fifty per cent of net income of such income year following such loss year, or in the case of a company entitled to apportion its net income under the provisions of this chapter, fifty per cent of such net income that is apportioned to this state pursuant thereto, or (II) the excess, if any, of such operating loss over the operating loss deductions allowable with respect to such operating loss under this subparagraph for each of any prior income years following such loss year, such net income of each of such prior income years following such loss year for such purposes being computed without regard to any operating loss carry-over from such loss year allowed under this subparagraph and being regarded as not less than zero, and provided further the operating loss of any income year shall be deducted in any subsequent year, to the extent available for such deduction, before the operating loss of any subsequent income year is deducted; [L] and

If a combined group so elects, the combined group shall relinquish fifty per cent of its unused operating losses incurred prior to the income year commencing on or after January 1, 2015, and before January 1, 2016, and may utilize the remaining operating loss carry-over without regard to the limitations prescribed in subparagraph (A)(ii) of this subdivision. The portion of such operating loss carry-over that may be deducted shall be limited to the amount required to reduce a combined group's tax under this chapter, prior to surtax and prior to the application of credits, to two million five hundred thousand dollars in any income year commencing on or after January 1, 2015. Only after the combined group's remaining operating loss carry-over for operating losses incurred prior to income years commencing January 1, 2015, has been fully utilized, will the limitations prescribed in subparagraph (A)(ii) of this subdivision apply. The combined group, or any member
thereof, shall make such election on its return for the income year beginning on or after January 1, 2015, and before January 1, 2016, by the due date for such return, including any extensions. Only combined groups with unused operating losses in excess of six billion dollars from income years beginning prior to January 1, 2013, may make the election prescribed in this clause; and

(B) Any net capital loss, as defined in the Internal Revenue Code effective and in force on the last day of the income year, for any income year commencing on or after January 1, 1973, shall be allowed as a capital loss carry-over to reduce, but not below zero, any net capital gain, as so defined, in each of the five following income years, in order of sequence, to the extent not exhausted by the net capital gain of any of the preceding of such five following income years; and

(C) Any net capital losses allowed and carried forward from prior years to income years beginning on or after January 1, 1973, for federal income tax purposes by companies entitled to a deduction for dividends paid under the Internal Revenue Code other than companies subject to the gross earnings taxes imposed under chapters 211 and 212, shall be allowed as a capital loss carry-over.

(5) This section shall not apply to a life insurance company as defined in the Internal Revenue Code effective and in force on the last day of the income year. For purposes of this section, the unpaid loss reserve adjustment required for nonlife insurance companies under the provisions of Section 832(b)(5) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, shall be applied without making the adjustment in Subparagraph (B) of said Section 832(b)(5).

(6) For purposes of determining net income under this section for income years commencing on or after January 1, 2018, the deduction allowed for business interest paid or accrued shall be determined as provided under the Internal Revenue Code, except that in making such determination, the provisions of Section 163(j) shall not apply.
(b) (1) For purposes of determining net income under this section, the deduction allowed for depreciation shall be determined as provided under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, provided in making such determination, the provisions of Section 168(k) of said code shall not apply.

(2) (A) For purposes of determining net income under this section for taxable years ending after December 31, 2008, and to the extent any income from the discharge of indebtedness, under Section 108 of the Internal Revenue Code, as amended by Section 1231 of the American Recovery and Reinvestment Act of 2009, in connection with any reacquisition, after December 31, 2008, and before January 1, 2011, of an applicable debt instrument or instruments, as those terms are defined in said Section 108, as amended by said Section 1231, is not properly includable in gross income for federal income tax purposes for the taxable year, any deferral of the recognition of any such income shall not be allowed.

(B) To the extent that any income from the discharge of indebtedness in connection with any reacquisition, after December 31, 2008, and before January 1, 2011, of an applicable debt instrument or instruments, as those terms are defined in Section 108 of the Internal Revenue Code, as amended by Section 1231 of the American Recovery and Reinvestment Act of 2009, is properly includable in gross income for federal income tax purposes for the taxable year, any such income shall be deductible in computing net income under this section for a taxable year ending after December 31, 2008, to the extent that the deferral of recognition of such income from such discharge was not allowed pursuant to subparagraph (A) of this subdivision in computing net income for a preceding taxable year.

(C) For income years commencing on or after January 1, 2018, eighty per cent of any deduction claimed under Section 179 of the Internal Revenue Code for federal income tax purposes shall be disallowed. To the extent such a deduction is disallowed for purposes of computing the
tax under this chapter, twenty-five per cent of the disallowed portion of
the deduction shall be allowed as a deduction in each of the four
succeeding income years.

(c) (1) Notwithstanding the provisions of subsections (a) and (b) of
this section, "net income", in the case of an S corporation, means the
percentage of the nonseparately computed income or loss, as defined in
Section 1366(a)(2) of the Internal Revenue Code, of such S corporation,
without separate state adjustment pursuant to section 12-233 or 12-226a
for the compensation of any officer or employee, to which shall be added
(A) any taxes imposed under the provisions of this chapter [which] that
are paid or accrued in the income year, and (B) any taxes in any state of
the United States or any political subdivision of such state, or the District
of Columbia, imposed on or measured by the income or profits of a
corporation [which] that are paid or accrued in the income year as
provided in subdivision (2) of this subsection.

(2) For income years commencing prior to January 1, 1997, "net
income" means one hundred per cent of the amount computed under
subdivision (1) of this subsection; for income years commencing on or
after January 1, 1997, and prior to January 1, 1998, "net income" means
ninety per cent of the amount computed under subdivision (1) of this
subsection; for income years commencing on or after January 1, 1998,
and prior to January 1, 1999, "net income" means seventy-five per cent
of the amount computed under subdivision (1) of this subsection; for
income years commencing on or after January 1, 1999, and prior to
January 1, 2000, "net income" means fifty-five per cent of the amount
computed under subdivision (1) of this subsection; for income years
commencing on or after January 1, 2000, and prior to January 1, 2001,
"net income" means thirty per cent of the amount computed under
subdivision (1) of this subsection; for income years commencing on or
after January 1, 2001, net income of S corporations as computed under
subdivision (1) of this subsection shall not be subject to the tax under
this chapter. Any S corporation subject to the tax on net income as
provided in this section shall be eligible for any credit against the tax
otherwise available to taxpayers under this chapter only to the extent and in the same percentage as net income of such S corporation is subject to taxation under this chapter, except that any S corporation with an income year commencing on or after January 1, 1999, but before December 31, 2000, shall be eligible for the entire credit available under sections 8-395, 12-633, 12-634, 12-635 and 12-635a.

(d) The commissioner may adopt regulations in accordance with chapter 54, relating to mergers or consolidations of corporations providing for the deduction, by the surviving or new corporation provided for in the plan of consolidation, of operating losses that were incurred by a merging or consolidating corporation, respectively, before the merger or consolidation, respectively. Such regulations may follow the provisions of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, or the regulations thereunder.

(e) Where a combined group is required to file a combined unitary tax return pursuant to section 12-222, the combined group's net income shall be computed as provided in subsection (a) of section 12-218e.

(f) Where a combined group is required to file a combined unitary tax return pursuant to section 12-222, a taxable member's net operating loss apportioned to this state shall be deducted and carried over by the taxable member as provided in subsection (d) of section 12-218e.

Sec. 9. Section 12-217jj of the general statutes is repealed and the following is substituted in lieu thereof (Effective January 1, 2024):

(a) As used in this section:

(1) "Commissioner" means the Commissioner of Revenue Services.

(2) "Department" means the Department of Economic and Community Development.

(3) (A) "Qualified production" means entertainment content created
in whole or in part within the state, including motion pictures, except as
otherwise provided in this subparagraph; documentaries; long-form,
specials, mini-series, series, sound recordings, videos and music videos
and interstitials television programming; interactive television;
relocated television production; interactive games; videogames;
commercials; any format of digital media, including an interactive web
site, created for distribution or exhibition to the general public; and any
trailer, pilot, video teaser or demo created primarily to stimulate the
sale, marketing, promotion or exploitation of future investment in either
a product or a qualified production via any means and media in any
digital media format, film or videotape, provided such program meets
all the underlying criteria of a qualified production. For state fiscal years
ending on or after June 30, 2014, "qualified production" shall not include
a motion picture that has not been designated as a state-certified
qualified production prior to July 1, 2013, and no tax credit voucher for
such motion picture may be issued for such motion picture, except, for
state fiscal years ending on or after June 30, 2015, "qualified production"
shall include a motion picture for which twenty-five per cent or more of
the principal photography shooting days are in this state at a facility that
receives not less than twenty-five million dollars in private investment
and opens for business on or after July 1, 2013, and a tax credit voucher
may be issued for such motion picture.

(B) "Qualified production" shall not include any ongoing television
program created primarily as news, weather or financial market reports;
a production featuring current events, other than a relocated television
production, sporting events, an awards show or other gala event; a
production whose sole purpose is fundraising; a long-form production
that primarily markets a product or service; a production used for
corporate training or in-house corporate advertising or other similar
productions; or any production for which records are required to be
maintained under 18 USC 2257, as amended from time to time, with
respect to sexually explicit content.

(4) "Eligible production company" means a corporation, partnership,
limited liability company, or other business entity engaged in the
business of producing qualified productions on a one-time or ongoing
basis, and qualified by the Secretary of the State to engage in business
in the state.

(5) "Production expenses or costs" means all expenditures clearly and
demonstrably incurred in the state in the preproduction, production or
postproduction costs of a qualified production, including:

(A) Expenditures incurred in the state in the form of either
compensation or purchases including production work, production
equipment not eligible for the infrastructure tax credit provided in
section 12-217kk, production software, postproduction work,
postproduction equipment, postproduction software, set design, set
construction, props, lighting, wardrobe, makeup, makeup accessories,
special effects, visual effects, audio effects, film processing, music,
sound mixing, editing, location fees, soundstages and any and all other
costs or services directly incurred in connection with a state-certified
qualified production;

(B) Expenditures for distribution, including preproduction,
production or postproduction costs relating to the creation of trailers,
marketing videos, commercials, point-of-purchase videos and any and
all content created on film or digital media, including the duplication of
films, videos, CDs, DVDs and any and all digital files now in existence
and those yet to be created for mass consumer consumption; the
purchase, by a company in the state, of any and all equipment relating
to the duplication or mass market distribution of any content created or
produced in the state by any digital media format which is now in use
and those formats yet to be created for mass consumer consumption;
and

(C) "Production expenses or costs" does not include the following: (i)
On and after January 1, 2008, compensation in excess of fifteen million
dollars paid to any individual or entity representing an individual, for
services provided in the production of a qualified production and on or
after January 1, 2010, compensation subject to Connecticut personal
income tax in excess of twenty million dollars paid in the aggregate to
any individuals or entities representing individuals, for star talent
provided in the production of a qualified production; (ii) media buys,
promotional events or gifts or public relations associated with the
promotion or marketing of any qualified production; (iii) deferred,
leveraged or profit participation costs relating to any and all personnel
associated with any and all aspects of the production, including, but not
limited to, producer fees, director fees, talent fees and writer fees; (iv)
costs relating to the transfer of the production tax credits; (v) any
amounts paid to persons or businesses as a result of their participation
in profits from the exploitation of the qualified production; and (vi) any
costs for the promotion or marketing of any qualified production; (ii)
media buys, promotional events or gifts or public relations associated with the
promotion or marketing of any qualified production; (iii) deferred,
leveraged or profit participation costs relating to any and all personnel
associated with any and all aspects of the production, including, but not
limited to, producer fees, director fees, talent fees and writer fees; (iv)
costs relating to the transfer of the production tax credits; (v) any
amounts paid to persons or businesses as a result of their participation
in profits from the exploitation of the qualified production; and (vi) any
costs relating to an independent certification, as required by
subsection (h) of this section, or as the department may otherwise
require, pertaining to the amount of production expenses or costs set
forth by an eligible production company in its application for a
production tax credit.

(6) "Sound recording" means a recording of music, poetry or spoken-
word performance, but does not include the audio portions of dialogue
or words spoken and recorded as part of a motion picture, video,
theatrical production, television news coverage or athletic event.

(7) "State-certified qualified production" means a qualified
production produced by an eligible production company that (A) is in
compliance with regulations adopted pursuant to subsection (l) of this
section, (B) is authorized to conduct business in this state, and (C) has
been approved by the department as qualifying for a production tax
credit under this section.

(8) "Interactive web site" means a web site, the production costs of
which (A) exceed five hundred thousand dollars per income year, and
(B) is primarily (i) interactive games or end user applications, or (ii)
animation, simulation, sound, graphics, story lines or video created or
repurposed for distribution over the Internet. An interactive web site
does not include a web site primarily used for institutional, private,
industrial, retail or wholesale marketing or promotional purposes, or which contains obscene content.

(9) "Post-certification remedy" means the recapture, disallowance, recovery, reduction, repayment, forfeiture, decertification or any other remedy that would have the effect of reducing or otherwise limiting the use of a tax credit provided by this section.

(10) "Compensation" means base salary or wages and does not include bonus pay, stock options, restricted stock units or similar arrangements.

(11) "Relocated television production" means:

(A) An ongoing television program all of the prior seasons of which were filmed outside this state, and may include current events shows, except those referenced in subparagraph (B)(i) of this subdivision.

(B) An eligible production company's television programming in this state that (i) is not a general news program, sporting event or game broadcast, and (ii) is created at a qualified production facility that has had a minimum investment of twenty-five million dollars made by such eligible production company on or after January 1, 2012, at which facility the eligible production company creates ongoing television programming as defined in subparagraph (A) of this subdivision, and creates at least two hundred new jobs in Connecticut on or after January 1, 2012. For purposes of this subdivision, "new job" means a full-time job, as defined in section 12-217ii, that did not exist in this state prior to January 1, 2012, and is filled by a new employee, and "new employee" includes a person who was employed outside this state by the eligible production company prior to January 1, 2012, but does not include a person who was employed in this state by the eligible production company or a related person, as defined in section 12-217ii, with respect to the eligible production company during the prior twelve months.

(C) A relocated television production may be a state-certified qualified production for not more than ten successive income years,
after which period the eligible production company shall be ineligible
to resubmit an application for certification.

(b) (1) The Department of Economic and Community Development
shall administer a system of tax credit vouchers within the resources,
requirements and purposes of this section for eligible production
companies producing a state-certified qualified production in the state.

(2) Any eligible production company incurring production expenses
or costs shall be eligible for a credit (A) for income years commencing
on or after January 1, 2010, but prior to January 1, 2018, against the tax
imposed under chapter 207 or this chapter, (B) for income years
commencing on or after January 1, 2018, but prior to January 1, 2022,
against the tax imposed under chapter 207 or 211 or this chapter, and
(C) for income years commencing on or after January 1, 2022, against the
tax imposed under chapter 207, 211, 219 or this chapter, as follows: (i)
For any such company incurring such expenses or costs of not less than
one hundred thousand dollars, but not more than five hundred
thousand dollars, a credit equal to ten per cent of such expenses or costs,
(ii) for any such company incurring such expenses or costs of more than
five hundred thousand dollars, but not more than one million dollars, a
credit equal to fifteen per cent of such expenses or costs, and (iii) for any
such company incurring such expenses or costs of more than one million
dollars, a credit equal to thirty per cent of such expenses or costs.

(c) No eligible production company incurring an amount of
production expenses or costs that qualifies for such credit shall be
eligible for such credit unless on or after January 1, 2010, such company
conducts (1) not less than fifty per cent of principal photography days
within the state, or (2) expends not less than fifty per cent of
postproduction costs within the state, or (3) expends not less than one
million dollars of postproduction costs within the state.

(d) For income years commencing on or after January 1, 2010, no
expenses or costs incurred outside the state and used within the state
shall be eligible for a credit, and one hundred per cent of such expenses
or costs shall be counted toward such credit when incurred within the state and used within the state.

(e) (1) On and after July 1, 2006, and for income years commencing on or after January 1, 2006, any credit allowed pursuant to this section may be sold, assigned or otherwise transferred, in whole or in part, to one or more taxpayers, provided (A) no credit, after issuance, may be sold, assigned or otherwise transferred, in whole or in part, more than three times, (B) in the case of a credit allowed for the income year commencing on or after January 1, 2011, [and] but prior to January 1, 2012, any entity that is not subject to tax under chapter 207 or this chapter may transfer not more than fifty per cent of such credit in any one income year, and (C) in the case of a credit allowed for an income year commencing on or after January 1, 2012, any entity that is not subject to tax under chapter 207 or this chapter may transfer not more than twenty-five per cent of such credit in any one income year.

(2) Notwithstanding the provisions of subdivision (1) of this subsection, any entity that is not subject to tax under this chapter or chapter 207 shall not be subject to the limitations on the transfer of credits provided in subparagraphs (B) and (C) of said subdivision (1), provided such entity owns not less than fifty per cent, directly or indirectly, of a business entity, as defined in section 12-284b.

(3) Notwithstanding the provisions of subdivision (1) of this subsection, any qualified production that is created in whole or in significant part, as determined by the Commissioner of Economic and Community Development, at a qualified production facility shall not be subject to the limitations of subparagraph (B) or (C) of said subdivision (1). For purposes of this subdivision, "qualified production facility" means a facility (A) located in this state, (B) intended for film, television or digital media production, and (C) that has had a minimum investment of three million dollars, or less if the Commissioner of Economic and Community Development determines such facility otherwise qualifies.
(4) (A) For the income year commencing on or after January 1, 2018, but prior to January 1, 2019, any credit that is sold, assigned or otherwise transferred, in whole or in part, to one or more taxpayers pursuant to subdivision (1) of this subsection may be claimed against the tax imposed under chapter 211 only if there is common ownership of at least fifty per cent between such taxpayer and the eligible production company that sold, assigned or otherwise transferred such credit. Such taxpayer may only claim ninety-two per cent of the amount of such credit entered by the department on the production tax credit voucher.

(B) For income years commencing on or after January 1, 2019, any credit that is sold, assigned or otherwise transferred, in whole or in part, to one or more taxpayers pursuant to subdivision (1) of this subsection, which credit is claimed against the tax imposed under chapter 211, shall be subject to the following limits:

(i) The taxpayer may only claim ninety-five per cent of the amount of such credit entered by the department on the production tax credit voucher; and

(ii) If there is common ownership of at least fifty per cent between such taxpayer and the eligible production company that sold, assigned or otherwise transferred such credit, such taxpayer may only claim ninety-two per cent of the amount of such credit entered by the department on the production tax credit voucher.

(5) (A) For income years commencing on or after January 1, 2022, but prior to January 1, 2024, any credit that is claimed against the tax imposed under chapter 219 shall be subject to the following limits:

[(A)] (i) Any credit that is sold, assigned or otherwise transferred, in whole or in part, to one or more taxpayers pursuant to subdivision (1) of this subsection may be claimed against the tax imposed under chapter 219 only if there is common ownership of at least fifty per cent between such taxpayer and the eligible production company that sold, assigned or otherwise transferred such credit; and
[(B)] (ii) The eligible production company or taxpayer claiming the credit against the tax imposed under chapter 219 may only claim seventy-eight per cent of the amount of such credit entered by the department on the production tax credit voucher.

(B) For income years commencing on or after January 1, 2024, any credit that is claimed against the tax imposed under chapter 219 shall be subject to the following limits:

(i) Any credit that is sold, assigned or otherwise transferred, in whole or in part, to one or more taxpayers pursuant to subdivision (1) of this subsection may be claimed against the tax imposed under chapter 219 only if there is common ownership of at least fifty per cent between such taxpayer and the eligible production company that sold, assigned or otherwise transferred such credit; and

(ii) The eligible production company or taxpayer claiming the credit against the tax imposed under chapter 219 may only claim ninety-two per cent of the amount of such credit entered by the department on the production tax credit voucher.

(f) (1) On and after July 1, 2006, and for income years commencing on or after January 1, 2006, but prior to January 1, 2015, all or part of any such credit allowed under this section may be claimed against the tax imposed under chapter 207 or this chapter for the income year in which the production expenses or costs were incurred, or in the three immediately succeeding income years.

(2) For production tax credit vouchers issued on or after July 1, 2015, but prior to January 1, 2018, all or part of any such credit may be claimed against the tax imposed under chapter 207 or this chapter, for the income year in which the production expenses or costs were incurred, or in the five immediately succeeding income years.

(3) For production tax credit vouchers issued on or after July 1, 2018, but prior to January 1, 2022, all or part of any such credit may be claimed against the tax imposed under chapter 207 or 211 or this chapter, for the
income year in which the production expenses or costs were incurred, or in the five immediately succeeding income years.

(4) For production tax credit vouchers issued on or after January 1, 2022, all or part of any such credit may be claimed against the tax imposed under chapter 207, 211, 219 or this chapter, for the income year in which the production expenses or costs were incurred, or in the five immediately succeeding income years.

(g) Any production tax credit allowed under this section shall be nonrefundable.

(h) (1) An eligible production company shall apply to the department for a tax credit voucher on an annual basis, but not later than ninety days after the first production expenses or costs are incurred in the production of a qualified production, and shall provide with such application such information as the department may require to determine such company's eligibility to claim a credit under this section. No production expenses or costs may be listed more than once for purposes of the tax credit voucher pursuant to this section, or pursuant to section 12-217kk or 12-217ll, and if a production expense or cost has been included in a claim for a credit, such production expense or cost may not be included in any subsequent claim for a credit.

(2) Not later than ninety days after the end of the annual period, or after the last production expenses or costs are incurred in the production of a qualified production, an eligible production company shall apply to the department for a production tax credit voucher, and shall provide with such application (A) a report that includes the number of full-time jobs and the number of part-time jobs created by the eligible production company during the annual period, a description of each such job and an explanation of what the eligible production company considers to be job creation for purposes of the report, and (B) such information and independent certification as the department may require pertaining to the amount of such company's production expenses or costs. Such independent certification shall be provided by an audit professional.
chosen from a list compiled by the department. If the department
determines that such company is eligible to be issued a production tax
credit voucher, the department shall enter on the voucher the amount
of production expenses or costs that has been established to the
satisfaction of the department and the amount of such company’s credit
under this section. The department shall provide a copy of such voucher
to the commissioner, upon request.

(3) The department shall charge a reasonable administrative fee
sufficient to cover the department's costs to analyze applications
submitted under this section.

(i) If an eligible production company sells, assigns or otherwise
transfers a credit under this section to another taxpayer, the transferor
and transferee shall jointly submit written notification of such transfer
to the department not later than thirty days after such transfer. If such
transferee sells, assigns or otherwise transfers a credit under this section
to a subsequent transferee, such transferee and such subsequent
transferee shall jointly submit written notification of such transfer to the
department not later than thirty days after such transfer. The
notification after each transfer shall include the credit voucher number,
the date of transfer, the amount of such credit transferred, the tax credit
balance before and after the transfer, the tax identification numbers for
both the transferor and the transferee, and any other information
required by the department. Failure to comply with this subsection will
result in a disallowance of the tax credit until there is full compliance on
the part of the transferor and the transferee, and for a second or third
transfer, on the part of all subsequent transferors and transferees. The
department shall provide a copy of the notification of assignment to the
commissioner upon request.

(j) Any eligible production company that submits information to the
department that it knows to be fraudulent or false shall, in addition to
any other penalties provided by law, be liable for a penalty equal to the
amount of such company's credit entered on the production tax credit
voucher issued under this section.
(k) No tax credits transferred pursuant to this section shall be subject to a post-certification remedy, and the department and the commissioner shall have no right, except in the case of possible material misrepresentation or fraud, to conduct any further or additional review, examination or audit of the expenditures or costs for which such tax credits were issued. The sole and exclusive remedy of the department and the commissioner shall be to seek collection of the amount of such tax credits from the entity that committed the fraud or misrepresentation.

(l) The department, in consultation with the commissioner, shall adopt regulations, in accordance with the provisions of chapter 54, as may be necessary for the administration of this section.

Sec. 10. Subsection (a) of section 32-1m of the general statutes is repealed and the following is substituted in lieu thereof (Effective January 1, 2024):

(a) Not later than February first, annually, the Commissioner of Economic and Community Development shall submit a report to the Governor, the Auditors of Public Accounts and the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies, finance, revenue and bonding and commerce, in accordance with the provisions of section 11-4a. Not later than thirty days after submission of the report, said commissioner shall post the report on the Department of Economic and Community Development's web site. Such report shall include, but not be limited to, the following information with regard to the activities of the Department of Economic and Community Development and to business assistance programs administered by Connecticut Innovations, Incorporated, during the preceding state fiscal year:

(1) A brief description and assessment of the state's economy during such year, utilizing the most recent and reasonably available data, and including:
(A) Connecticut employment by industry;

(B) Connecticut and national average unemployment; and

(C) Connecticut gross state product, by industry.

(2) An analysis of the economic development portfolio of the department, including, but not limited to, each business assistance or incentive program, including any business tax credit or abatement program, grant, loan, forgivable loan or other form of assistance, enacted for the purpose of improving economic development. The analysis shall include:

(A) The Internet web site address of the state's open data portal and an indication of where the name, address and location of each recipient of the department's assistance is published on the site along with the following information concerning each recipient: (i) Business activities, (ii) standard industrial classification codes or North American industrial classification codes, (iii) whether the recipient is a minority or woman-owned business, (iv) a summary of the terms and conditions for the assistance, including the type and amount of state financial assistance and job creation or retention requirements, (v) the amount of investments from private and other nonstate sources that have been leveraged by the assistance, and (vi) the amount of state investment;

(B) A portfolio analysis, including an analysis of the wages paid by recipients of financial assistance by industry;

(C) An investment analysis, including (i) total portfolio value, (ii) total investment by industry, (iii) portfolio dollar per job average, and (iv) portfolio leverage ratio;

(D) An overview of the business assistance and incentive programs administered by the department and an analysis of their estimated economic impact on the state's economy. The analysis shall include, for each business assistance or incentive program for which such data is available, the number of new jobs created, the borrowing cost to the
state and the estimated impact of such program on annual state revenues;

(E) An analysis of whether the statutory and programmatic goals of each business or incentive program are being met, with obstacles to such goals identified, if possible;

(F) (i) Recommendations as to whether any existing business assistance or incentive program should be continued, modified or repealed and the basis or bases for such recommendations, and (ii) any recommendations for additional data collection by the state to better inform future evaluations of such programs; and

(G) The methodologies and assumptions used in carrying out the analyses under this subdivision.

(3) An analysis of the community development portfolio of the department, including:

(A) The Internet web site address of the state's open data portal and an indication of where the name, address and location of each recipient of the department's assistance is published on the site along with the following information concerning each recipient: (i) Amount of state investment, (ii) a summary of the terms and conditions for the department's assistance, including the type and amount of state financial assistance, and (iii) the amount of investments from private and other nonstate sources that have been leveraged by such assistance; and

(B) An investment analysis, including (i) total active portfolio value, (ii) total investments made in the preceding state fiscal year, and (iii) total portfolio leverage ratio.

(4) An analysis of each business assistance or incentive program, including any business tax credit or abatement program, grant, loan, forgivable loan or other form of assistance, enacted for the purpose of improving economic development, that (A) (i) had ten or more
recipients of assistance in the preceding state fiscal year, or (ii) credited, abated or distributed more than one million dollars in the preceding state fiscal year, and (B) is administered by the department or Connecticut Innovations, Incorporated. The analysis shall include:

(i) An overview of the business assistance or incentive program and an analysis of its estimated economic effects on the state's economy, including, for each program where such data is available, the number of new jobs created and the estimated impact of such program on annual state revenues;

(ii) An analysis of whether the statutory and programmatic goals of each business assistance or incentive program are being met, with obstacles to such goals identified, if possible;

(iii) Recommendations as to whether any such existing business assistance or incentive program should be continued, modified or repealed and the basis or bases for such recommendations, and any recommendations for additional data collection by the state to better inform future evaluations of such programs; and

(iv) The methodologies and assumptions used in carrying out the analysis under this subdivision.

(5) A summary of the department's international trade efforts in the preceding state fiscal year, and, to the extent possible, a summary of foreign direct investment that occurred in the state in such year.

(6) A summary of the total social and economic impact of the department's efforts and activities in the areas of economic and community development, and an assessment of the department's performance in terms of meeting its stated goals and objectives.

(7) With regard to the Small Business Express program established pursuant to section 32-7g, data on (A) the number of small businesses that received assistance under said program and the general categories of such businesses, (B) the amounts and types of assistance provided,
(C) the total number of jobs on the date of application and the number proposed to be created or retained, (D) the most recent employment figures of the small businesses receiving assistance, (E) the default rate of small businesses that received assistance under said program, and (F) the progress of the lenders participating in said program in becoming self-sustainable.

(8) With regard to airport development zones established pursuant to section 32-75d, a summary of the economic and cost benefits of each zone and any recommended revisions to any such zones.

(9) An overview of the department's activities related to tourism, the arts and historic preservation.

(10) An overview of the department's activities concerning digital media, motion pictures and related production activity, and an analysis of the use of the film production tax credit established under section 12-217jj, as amended by this act, the entertainment industry infrastructure tax credit established under section 12-217kk and the digital animation production tax credit established under section 12-217ll, including the amount of any tax credit issued under said sections and the total amount of production expenses or costs incurred in the state by the taxpayer who was issued such a tax credit and the information submitted in the report required under subparagraph (A) of subdivision (1) of subsection (h) of section 12-217jj, as amended by this act.

(11) A summary of the department's and the office of the permit ombudsman's brownfield-related efforts and activities in the preceding fiscal year.

(12) A summary of the department's dry cleaning establishment remediation account activities in the preceding fiscal year.

Sec. 11. Section 12-217ee of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2023):

(a) (1) Any taxpayer that [(1)] (A) is a qualified small business, [(2)]
(B) qualifies for a credit under section 12-217j or section 12-217n, and
[(3)] [C] cannot take such credit in the taxable year in which the credit
could otherwise be taken as a result of having no tax liability under this
chapter may elect to carry such credit forward under this chapter or may
apply to the commissioner as provided in subsection (b) of this section
to exchange such credit with the state for a credit refund equal to sixty-five per cent of the value of the credit or, for a biotechnology company, equal to eighty per cent of the value of the credit.

(2) Any amount of credit refunded under this section shall be refunded to the taxpayer under the provisions of this chapter, except that such credit refund shall not be subject to the provisions of section 12-227. Payment of the capital base tax under section 12-219, as amended by this act, for an income year commencing on or after January 1, 2002, in which year the taxpayer reports no net income, as defined in section 12-213, or payment of the minimum tax of two hundred fifty dollars under section 12-219, as amended by this act, or 12-223c for any income year, shall not be considered a tax liability for purposes of this section.

(b) An application for refund of such credit amount shall be made to the Commissioner of Revenue Services, at the same time such taxpayer files its return for the income year on or before the original due date or, if applicable, the extended due date of such [year's] year's return, on such forms and containing such information as prescribed by said commissioner. No application for refund of such credit amount may be made after the due date or extended due date, as the case may be, of such return.

(c) If the commissioner determines that the taxpayer qualifies for a credit refund under this section, the commissioner shall notify, no later than one hundred twenty days from receipt of the application for such credit refund, the State Comptroller of the name of the eligible taxpayer, and the State Comptroller shall draw an order on the State Treasurer. The amount of the credit refund shall be limited as follows:
(1) In the case of an application for such credit refund filed by the taxpayer for income years beginning during 2000 or 2001 where such credit refund has not been paid as of July 1, 2002, the taxpayer shall be entitled to receive no more than one million dollars during the [state’s] state’s fiscal year in which the initial refund is paid, with any remaining unpaid balance to be paid in two equal installments during the [state’s] state’s next two succeeding fiscal years; and

(2) In the case of an application for such credit refund filed by the taxpayer for the income years beginning during 2002 or thereafter, the taxpayer shall be entitled to receive no more than one million five hundred thousand dollars for any one such income year.

(d) The Commissioner of Revenue Services may disallow the credit refund of any credit otherwise allowable for a taxable year under this section if the company claiming the exchange has any amount of taxes due and unpaid to the state including interest, penalties, fees and other charges related thereto for which a period in excess of thirty days has elapsed following the date on which such taxes were due and which are not the subject of a timely filed administrative appeal to the commissioner or of a timely filed appeal pending before any court of competent jurisdiction. Before any such disallowance, the commissioner shall send written notice to the company, stating that it may pay the amount of such delinquent tax or enter into an agreement with the commissioner for the payment thereof, by the date set forth in said notice, provided, such date shall not be less than thirty days after the date of such notice. Failure on the part of the company to pay the amount of the delinquent tax or enter into an agreement to pay the amount thereof by said date shall result in a disallowance of the credit refund being claimed.

(e) For purposes of this section, (1) "qualified small business" means a company that [(1)] (A) has gross income for the previous income year that does not exceed seventy million dollars, and [(2)] (B) has not, in the determination of the commissioner, met the gross income test through transactions with a related person, as defined in section 12-217w, as
amended by this act, and (2) "biotechnology company" has the same
meaning as provided in subsection (b) of section 12-217j.

Sec. 12. Section 22a-245a of the general statutes is repealed and the
following is substituted in lieu thereof (Effective from passage):

(a) Each deposit initiator shall open a special interest-bearing account
at a Connecticut branch of a financial institution, as defined in section
45a-557a, to the credit of the deposit initiator. Each deposit initiator shall
deposit in such account an amount equal to the refund value established
pursuant to subsection (a) of section 22a-244, for each beverage
container sold by such deposit initiator. Such deposit shall be made not
more than one month after the date such beverage container is sold,
provided for any beverage container sold during the period from
December 1, 2008, to December 31, 2008, inclusive, such deposit shall be
made not later than January 5, 2009. All interest, dividends and returns
earned on the special account shall be paid directly into such account.
Such moneys shall be kept separate and apart from all other moneys in
the possession of the deposit initiator. The amount required to be
deposited pursuant to this section, when deposited, shall be held to be
a special fund in trust for the state.

(b) (1) Any reimbursement of the refund value for a redeemed
beverage container shall be paid from the deposit initiator's special
account, with such payment to be computed, subject to the provisions
of subdivision (2) of this subsection, under the cash receipts and
disbursements method of accounting, as described in Section 446(c)(1)
of the Internal Revenue Code of 1986, or any subsequent corresponding
Internal Revenue Code of the United States, as amended from time to
time.

(2) A deposit initiator may petition the Commissioner of Revenue
Services for an alternate method of accounting by filing with such
deposit initiator's return a statement of objections and other proposed
alternate method of accounting, as such deposit initiator believes proper
and equitable under the circumstances, that is accompanied by
supporting details and proof. The Commissioner of Revenue Services shall promptly notify such deposit initiator whether the proposed alternate method is accepted as reasonable and equitable and, if so accepted, shall adjust such deposit initiator's return and payment of reimbursement accordingly.

(c) Not later than August 1, 2024, and annually thereafter, the Commissioner of Energy and Environmental Protection shall calculate and publish the average state-wide redemption rate for the preceding fiscal year, calculated as the number of beverage containers redeemed for the deposit divided by the number of beverage containers sold.

[(c)] (d) (1) Each deposit initiator shall submit a report on March 15, 2009, for the period from December 1, 2008, to February 28, 2009, inclusive. Each deposit initiator shall submit a report on July 31, 2009, for the period from March 1, 2009, to June 30, 2009, inclusive, and thereafter shall submit a quarterly report for the immediately preceding calendar quarter one month after the close of such quarter. Each such report shall be submitted to the Commissioner of Energy and Environmental Protection, on a form prescribed by the commissioner and with such information as the commissioner deems necessary, including, but not limited to: (A) The balance in the special account at the beginning of the quarter for which the report is prepared; (B) a list of all deposits credited to such account during such quarter, including all refund values paid to the deposit initiator and all interest, dividends or returns received on the account; (C) a list of all withdrawals from such account during such quarter, all service charges and overdraft charges on the account and all payments made pursuant to subsection [(d)] (e) of this section; and (D) the balance in the account at the close of the quarter for which the report is prepared.

(2) Each deposit initiator shall submit a report on October 31, 2010, for the calendar quarter beginning July 1, 2010. Subsequently, each deposit initiator shall submit a quarterly report for the immediately preceding calendar quarter, on or before the last day of the month next succeeding the close of such quarter. Each such report shall be
submitted to the Commissioner of Revenue Services, on a form
prescribed by the Commissioner of Revenue Services, and with such
information as the Commissioner of Revenue Services deems necessary,
including, but not limited to, the following information: (A) The balance
in the special account at the beginning of the quarter for which the
report is prepared, (B) all deposits credited to such account during such
quarter, including all refund values paid to the deposit initiator and all
interest, dividends or returns received on such account, (C) all
withdrawals from such account during such quarter, including all
service charges and overdraft charges on such account and all payments
made pursuant to subsection [(d)] [(e) of this section, and (D) the balance
in such account at the close of the quarter for which the report is
prepared. Such quarterly report shall be filed electronically with the
Commissioner of Revenue Services, in the manner provided by chapter
228.

[(d)] [(e)] (1) On or before April 30, 2009, each deposit initiator shall
pay the balance outstanding in the special account that is attributable to
the period from December 1, 2008, to March 31, 2009, inclusive, to the
Commissioner of Energy and Environmental Protection for deposit in
the General Fund. Thereafter, the balance outstanding in the special
account that is attributable to the immediately preceding calendar
quarter shall be paid by the deposit initiator one month after the close
of such quarter to the Commissioner of Energy and Environmental
Protection for deposit in the General Fund. If the amount of the required
payment pursuant to this subdivision is not paid by the date seven days
after the due date, a penalty of ten per cent of the amount due shall be
added to the amount due. The amount due shall bear interest at the rate
of one and one-half per cent per month or fraction thereof, from the due
date. Any such penalty or interest shall not be paid from funds
maintained in the special account.

(2) [(A) On or before October 31, 2010, each deposit initiator shall pay
the balance outstanding in the special account that is attributable to the
period from July 1, 2010, to September 30, 2010, inclusive, to the
Commissioner of Revenue Services for deposit in the General Fund.

(B) Subsequently; [, for]

(i) For the fiscal year ending June 30, 2023, ninety-five per cent of the balance outstanding in the special account that is attributable to the immediately preceding calendar quarter shall be paid by the deposit initiator on or before the last day of the month next succeeding the close of such quarter to the Commissioner of Revenue Services for deposit in the General Fund; [, for]

(ii) For the fiscal year ending June 30, 2024, sixty-five per cent of the balance outstanding in the special account that is attributable to the immediately preceding calendar quarter shall be paid by the deposit initiator on or before the last day of the month next succeeding the close of such quarter to the Commissioner of Revenue Services for deposit in the General Fund, except that for the calendar quarters ending September 30, 2023, and December 31, 2023, the balances outstanding in the special account that are attributable to said calendar quarters shall be retained in the special account by the deposit initiator for the purpose of reimbursement of the refund value in effect on January 1, 2024, for a redeemed beverage container in accordance with the provisions of subsection (b) of this section and section 22a-244;

(iii) For the fiscal year ending June 30, 2025, [fifty-five] fifty per cent of the balance outstanding in the special account that is attributable to the immediately preceding calendar quarter shall be paid by the deposit initiator on or before the last day of the month next succeeding the close of such quarter to the Commissioner of Revenue Services for deposit in the General Fund; [and for]

(iv) For the fiscal year ending June 30, 2026, [and each subsequent fiscal year thereafter, forty-five] if the redemption rate calculated under subsection (c) of this section for the preceding fiscal year is:

(I) At least sixty-five per cent, twenty-five per cent of the balance outstanding in the special account that is attributable to the immediately
preceding calendar quarter shall be paid by the deposit initiator on or before the last day of the month next succeeding the close of such quarter to the Commissioner of Revenue Services for deposit in the General Fund; and

(II) Less than sixty-five per cent, forty-five per cent of the balance outstanding in the special account that is attributable to the immediately preceding calendar quarter shall be paid by the deposit initiator on or before the last day of the month next succeeding the close of such quarter to the Commissioner of Revenue Services for deposit in the General Fund;

(v) For the fiscal year ending June 30, 2027, if the redemption rate calculated under subsection (c) of this section for the preceding fiscal year is:

(I) At least seventy per cent, five per cent of the balance outstanding in the special account that is attributable to the immediately preceding calendar quarter shall be paid by the deposit initiator on or before the last day of the month next succeeding the close of such quarter to the Commissioner of Revenue Services for deposit in the General Fund;

(II) Less than seventy per cent but more than sixty-five per cent, twenty-five per cent of the balance outstanding in the special account that is attributable to the immediately preceding calendar quarter shall be paid by the deposit initiator on or before the last day of the month next succeeding the close of such quarter to the Commissioner of Revenue Services for deposit in the General Fund; and

(III) Sixty-five per cent or less, forty-five per cent of the balance outstanding in the special account that is attributable to the immediately preceding calendar quarter shall be paid by the deposit initiator on or before the last day of the month next succeeding the close of such quarter to the Commissioner of Revenue Services for deposit in the General Fund; and

(vi) For the fiscal year ending June 30, 2028, and each fiscal year
thereafter, if the redemption rate calculated under subsection (c) of this section for the preceding fiscal year is:

(I) At least eighty per cent, five per cent of the balance outstanding in the special account that is attributable to the immediately preceding calendar quarter shall be paid by the deposit initiator on or before the last day of the month next succeeding the close of such quarter to the Commissioner of Revenue Services for deposit in the General Fund;

(II) Less than eighty per cent but more than seventy per cent, ten per cent of the balance outstanding in the special account that is attributable to the immediately preceding calendar quarter shall be paid by the deposit initiator on or before the last day of the month next succeeding the close of such quarter to the Commissioner of Revenue Services for deposit in the General Fund;

(III) Seventy per cent or less but more than sixty-five per cent, twenty-five per cent of the balance outstanding in the special account that is attributable to the immediately preceding calendar quarter shall be paid by the deposit initiator on or before the last day of the month next succeeding the close of such quarter to the Commissioner of Revenue Services for deposit in the General Fund; and

(IV) Sixty-five per cent or less, forty-five per cent of the balance outstanding in the special account that is attributable to the immediately preceding calendar quarter shall be paid by the deposit initiator on or before the last day of the month next succeeding the close of such quarter to the Commissioner of Revenue Services for deposit in the General Fund.

(C) If the amount of the required payment pursuant to this subdivision is not paid on or before the due date, a penalty of ten per cent of the amount due and unpaid, or fifty dollars, whichever is greater, shall be imposed. The amount due and unpaid shall bear interest at the rate of one per cent per month or fraction thereof, from the due date. Any such penalty or interest shall not be paid from funds maintained in
such special account. Such required payment shall be made by
electronic funds transfer to the Commissioner of Revenue Services, in
the manner provided by chapter 228g.

[(e)] (f) If moneys deposited in the special account are insufficient to
pay for withdrawals authorized pursuant to subsection (b) of this
section, the amount of such deficiency shall be subtracted from the next
succeeding payment or payments due pursuant to subsection [(d)] (e) of
this section until the amount of the deficiency has been subtracted in
full.

[(f)] (g) The Commissioner of Revenue Services may examine the
accounts and records of any deposit initiator maintained under this
section or sections 22a-243 to 22a-245, inclusive, and any related
accounts and records, including receipts, disbursements and such other
items as the Commissioner of Revenue Services deems appropriate.

[(g)] (h) The Attorney General may, independently or upon
complaint of the Commissioner of Energy and Environmental
Protection or the Commissioner of Revenue Services, institute any
appropriate action or proceeding to enforce any provision of this section
or any regulation adopted pursuant to section 22a-245 to implement the
provisions of this section.

[(h)] (i) The provisions of sections 12-548, 12-550 to 12-554, inclusive,
and 12-555a shall be deemed to apply to the provisions of this section,
except any provision of sections 12-548, 12-550 to 12-554, inclusive, and
12-555a that is inconsistent with the provision in this section.

[(i)] (j) Any payment required pursuant to this section shall be treated
as a tax for purposes of sections 12-30b, 12-33a, 12-35a, 12-39g and 12-
39h.

[(j)] (k) Not later than July 1, 2010, the Department of Energy and
Environmental Protection or successor agency shall establish a
procedure that allows each such deposit initiator to take a credit against
any payment made pursuant to subsection [(d)] (e) of this section in the
amount of the deposits refunded on beverage containers which such deposit initiator donated for any charitable purpose.

Sec. 13. Subparagraph (J) of subdivision (37) of section 12-407 of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2023, and applicable to sales occurring on or after July 1, 2023):

(J) Business analysis, management, management consulting and public relations services, excluding (i) any environmental consulting services, (ii) any job-related or personnel training services [provided by an institution of higher education licensed or accredited by the Board of Regents for Higher Education or authorized by the Office of Higher Education pursuant to sections 10a-35a and 10a-34, respectively, and] or (iii) on and after January 1, 1994, any business analysis, management, management consulting and public relations services when such services are rendered in connection with an aircraft leased or owned by a certificated air carrier or in connection with an aircraft [which] that has a maximum certificated take-off weight of six thousand pounds or more;

Sec. 14. Subsection (c) of section 12-217g of the general statutes is repealed and the following is substituted in lieu thereof (Effective January 1, 2024, and applicable to income years commencing on or after January 1, 2024):

(c) There shall be allowed a credit for any taxpayer against the tax imposed under this chapter for any income year with respect to wages paid to apprentices in the construction trades by such taxpayer in such year that the apprentice and taxpayer participate in a qualified apprenticeship training program, as described in subsection (d) of this section, [which] that (1) is at least four years in duration, (2) is certified in accordance with regulations adopted in accordance with the provisions of chapter 54 by the Labor Commissioner, and (3) is registered with the Labor Department under section 31-22r, as amended by this act. The tax credit shall be (A) in an amount equal to two dollars per hour multiplied by the total number of hours completed by each
apprentice toward completion of such program, and (B) awarded upon completion and notification of completion of such program in the income year in which such completion and notification occur, provided the amount of credit allowed for such income year with respect to each such apprentice may not exceed [four thousand] seven thousand five hundred dollars or fifty per cent of actual wages paid over the first four income years for such apprenticeship, whichever is less.

Sec. 15. Section 31-22r of the general statutes is repealed and the following is substituted in lieu thereof (Effective January 1, 2024):

(a) (1) Each person who registered as an apprentice with the Labor Department before July 1, 2003, and has not completed an apprenticeship as of July 9, 2003, shall pay to the Labor Department a registration fee of twenty-five dollars on or before July 1, 2003, and a renewal registration fee of twenty-five dollars on or before July first of each subsequent year until (A) such registration is withdrawn, or (B) such person has completed an apprenticeship and possesses a valid journeyperson card of occupational license, if required.

(2) Each person who initially registers as an apprentice with the Labor Department on or after July 1, 2003, shall pay to the Labor Department a registration fee of fifty dollars at the time of registration and an annual renewal registration fee of fifty dollars until (A) such registration is withdrawn, or (B) such person has completed an apprenticeship and possesses a valid journeyperson card of occupational license, if required.

(b) Each person sponsoring an apprenticeship program registered with the Labor Department as of July 1, 2003, shall pay to the Labor Department an annual registration fee of sixty dollars for each apprentice participating in such program until the apprentice has completed the apprenticeship and possesses a valid journeyperson card of occupational license, if required, or such program is cancelled by the sponsor or deregistered for cause by the Labor Department in accordance with regulations adopted pursuant to this chapter,
(c) Each person sponsoring an apprenticeship program registered with the Labor Department as of July 1, 2024, shall annually submit the following information along with such sponsor's annual registration fee:

(1) The current minimum completion rate of such sponsor's apprenticeship program, (2) the number of registered apprentices currently participating in such sponsor's program, (3) the number of licensed journeypersons currently employed by such sponsor, (4) the number of registered apprentices participating in such program who have advanced a year since the date of such sponsor's previous registration, or year to date for new sponsors, (5) the number of apprentices who have separated from such sponsor's program since the date of such sponsor's previous registration, or year to date for new sponsors, (6) the number of apprentices who have completed an apprenticeship program with such sponsor since the date of such sponsor's previous registration, or year to date for new sponsors, and (7) the number of apprentices who completed such sponsor's program who have been issued an occupational license by the Department of Consumer Protection and are currently employed by such sponsor. All information shall be submitted in a form and manner as prescribed by the commissioner and disaggregated by gender identity, race and ethnicity. Notwithstanding the provisions of section 1-210, such information provided by a sponsor shall be considered a public record and all persons shall have the right to inspect and copy such records in accordance with the provisions of section 1-212.

[(c)] (d) Fifty per cent of any amount collected by the Labor Department pursuant to this section shall be deposited in the General Fund and fifty per cent of such amount shall be credited to a separate nonlapsing appropriation to the Labor Department, for the purpose of administering the department's apprentice training program and sections 31-22m to 31-22p, inclusive.

Sec. 16. Subdivision (1) of section 12-408 of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2021):
2012 2023, and applicable to sales occurring on or after July 1, 2023):

2013 (1) (A) For the privilege of making any sales, as defined in subdivision (2) of subsection (a) of section 12-407, at retail, in this state for a consideration, a tax is hereby imposed on all retailers at the rate of six and thirty-five-hundredths per cent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail or from the rendering of any services constituting a sale in accordance with subdivision (2) of subsection (a) of section 12-407, except, in lieu of said rate, the rates provided in subparagraphs (B) to (I), inclusive, of this subdivision;

2014 (B) (i) At a rate of fifteen per cent with respect to each transfer of occupancy, from the total amount of rent received by a hotel or lodging house for the first period not exceeding thirty consecutive calendar days;

2015 (ii) At a rate of eleven per cent with respect to each transfer of occupancy, from the total amount of rent received by a bed and breakfast establishment for the first period not exceeding thirty consecutive calendar days;

2016 (C) With respect to the sale of a motor vehicle to any individual who is a member of the armed forces of the United States and is on full-time active duty in Connecticut and who is considered, under 50 App USC 574, a resident of another state, or to any such individual and the spouse thereof, at a rate of four and one-half per cent of the gross receipts of any retailer from such sales, provided such retailer requires and maintains a declaration by such individual, prescribed as to form by the commissioner and bearing notice to the effect that false statements made in such declaration are punishable, or other evidence, satisfactory to the commissioner, concerning the purchaser's state of residence under 50 App USC 574;

2017 (D) (i) With respect to the sales of computer and data processing services occurring on or after July 1, 2001, at the rate of one per cent, and
(ii) with respect to sales of Internet access services, on and after July 1, 2001, such services shall be exempt from such tax;

(E) (i) With respect to the sales of labor that is otherwise taxable under subparagraph (C) or (G) of subdivision (2) of subsection (a) of section 12-407 on existing vessels and repair or maintenance services on vessels occurring on and after July 1, 1999, such services shall be exempt from such tax;

(ii) With respect to the sale of a vessel, a motor for a vessel or a trailer used for transporting a vessel, at the rate of two and ninety-nine-hundredths per cent, except that the sale of a vessel shall be exempt from such tax if such vessel is docked in this state for sixty or fewer days in a calendar year;

(iii) With respect to the sale of dyed diesel fuel, as defined in subsection (d) of section 12-487, sold by a marine fuel dock exclusively for marine purposes, at the rate of two and ninety-nine-hundredths per cent;

(F) With respect to patient care services for which payment is received by the hospital on or after July 1, 1999, and prior to July 1, 2001, at the rate of five and three-fourths per cent and on and after July 1, 2001, such services shall be exempt from such tax;

(G) With respect to the rental or leasing of a passenger motor vehicle for a period of thirty consecutive calendar days or less, at a rate of nine and thirty-five-hundredths per cent;

(H) With respect to the sale of (i) a motor vehicle for a sales price exceeding fifty thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price, (ii) jewelry, whether real or imitation, for a sales price exceeding five thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price, and (iii) an article of clothing or footwear intended to be worn on or about the human body, a handbag, luggage, umbrella, wallet or watch for a sales price exceeding one thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price.
cent on the entire sales price. For purposes of this subparagraph, "motor
vehicle" has the meaning provided in section 14-1, but does not include
a motor vehicle subject to the provisions of subparagraph (C) of this
subdivision, a motor vehicle having a gross vehicle weight rating over
twelve thousand five hundred pounds, or a motor vehicle having a
gross vehicle weight rating of twelve thousand five hundred pounds or
less that is not used for private passenger purposes, but is designed or
used to transport merchandise, freight or persons in connection with
any business enterprise and issued a commercial registration or more
specific type of registration by the Department of Motor Vehicles;

(I) With respect to the sale of meals, as defined in subdivision (13) of
section 12-412, sold by an eating establishment, caterer or grocery store;
and spirituous, malt or vinous liquors, soft drinks, sodas or beverages
such as are ordinarily dispensed at bars and soda fountains, or in
connection therewith; in addition to the tax imposed under
subparagraph (A) of this subdivision, at the rate of one per cent;

(J) The rate of tax imposed by this chapter shall be applicable to all
retail sales upon the effective date of such rate, except that a new rate
that represents an increase in the rate applicable to the sale shall not
apply to any sales transaction wherein a binding sales contract without
an escalator clause has been entered into prior to the effective date of the
new rate and delivery is made within ninety days after the effective date
of the new rate. For the purposes of payment of the tax imposed under
this section, any retailer of services taxable under subdivision (37) of
subsection (a) of section 12-407, as amended by this act, who computes
taxable income, for purposes of taxation under the Internal Revenue
Code of 1986, or any subsequent corresponding internal revenue code
of the United States, as amended from time to time, on an accounting
basis that recognizes only cash or other valuable consideration actually
received as income and who is liable for such tax only due to the
rendering of such services may make payments related to such tax for
the period during which such income is received, without penalty or
interest, without regard to when such service is rendered;
(K) (i) For calendar quarters ending on or after September 30, 2019, the commissioner shall deposit into the regional planning incentive account, established pursuant to section 4-66k, six and seven-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (B) of this subdivision and ten and seven-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (G) of this subdivision;

(ii) For calendar quarters ending on or after September 30, 2018, the commissioner shall deposit into the Tourism Fund established under section 10-395b ten per cent of the amounts received by the state from the tax imposed under subparagraph (B) of this subdivision;

(L) For calendar months commencing on or after July 1, 2021, the commissioner shall deposit into the municipal revenue sharing account established pursuant to section 4-66l seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision; [and]

(M) (i) For calendar months commencing on or after July 1, 2017, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision;

(ii) For calendar months commencing on or after July 1, 2018, but prior to July 1, 2019, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 eight per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the sale of a motor vehicle;

(iii) For calendar months commencing on or after July 1, 2019, but prior to July 1, 2020, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 seventeen per cent of the amounts received by the state from the tax imposed under
subparagraphs (A) and (H) of this subdivision on the sale of a motor vehicle;

(iv) For calendar months commencing on or after July 1, 2020, but prior to July 1, 2021, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 twenty-five per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the sale of a motor vehicle;

(v) For calendar months commencing on or after July 1, 2021, but prior to July 1, 2022, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 seventy-five per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the sale of a motor vehicle; and

(vi) For calendar months commencing on or after July 1, 2022, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 one hundred per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the sale of a motor vehicle; and

(N) For calendar months commencing on or after July 1, 2023, the commissioner shall deposit the following percentages of the amounts received by the state from the tax imposed under subparagraph (I) of this subdivision: (i) Fifty per cent into the municipal host grants account established under section 18 of this act; (ii) twenty-five per cent into the arts, culture and tourism account established under section 19 of this act; and (iii) twenty-five per cent into the municipal needs capacity account established under section 20 of this act.

Sec. 17. Subdivision (1) of section 12-411 of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2023, and applicable to sales occurring on or after July 1, 2023):

(1) (A) An excise tax is hereby imposed on the storage, acceptance,
consumption or any other use in this state of tangible personal property
purchased from any retailer for storage, acceptance, consumption or any
other use in this state, the acceptance or receipt of any services
constituting a sale in accordance with subdivision (2) of subsection (a)
of section 12-407, purchased from any retailer for consumption or use in
this state, or the storage, acceptance, consumption or any other use in
this state of tangible personal property which has been manufactured,
fabricated, assembled or processed from materials by a person, either
within or without this state, for storage, acceptance, consumption or any
other use by such person in this state, to be measured by the sales price
of materials, at the rate of six and thirty-five-hundredths per cent of the
sales price of such property or services, except, in lieu of said rate:

(B) (i) At a rate of fifteen per cent of the rent paid to a hotel or lodging
house for the first period not exceeding thirty consecutive calendar
days;

(ii) At a rate of eleven per cent of the rent paid to a bed and breakfast
establishment for the first period not exceeding thirty consecutive
calendar days;

(C) With respect to the storage, acceptance, consumption or use in
this state of a motor vehicle purchased from any retailer for storage,
acceptance, consumption or use in this state by any individual who is a
member of the armed forces of the United States and is on full-time
active duty in Connecticut and who is considered, under 50 App USC
574, a resident of another state, or to any such individual and the spouse
of such individual at a rate of four and one-half per cent of the sales price
of such vehicle, provided such retailer requires and maintains a
declaration by such individual, prescribed as to form by the
commissioner and bearing notice to the effect that false statements made
in such declaration are punishable, or other evidence, satisfactory to the
commissioner, concerning the purchaser's state of residence under 50
App USC 574;

(D) (i) With respect to the acceptance or receipt in this state of labor
that is otherwise taxable under subparagraph (C) or (G) of subdivision (2) of subsection (a) of section 12-407 on existing vessels and repair or maintenance services on vessels occurring on and after July 1, 1999, such services shall be exempt from such tax;

(ii) (I) With respect to the storage, acceptance or other use of a vessel in this state, at the rate of two and ninety-nine-hundredths per cent, except that such storage, acceptance or other use shall be exempt from such tax if such vessel is docked in this state for sixty or fewer days in a calendar year;

(II) With respect to the storage, acceptance or other use of a motor for a vessel or a trailer used for transporting a vessel in this state, at the rate of two and ninety-nine-hundredths per cent;

(III) With respect to the storage, acceptance or other use of dyed diesel fuel, as defined in subsection (d) of section 12-487, exclusively for marine purposes, at the rate of two and ninety-nine-hundredths per cent;

(E) (i) With respect to the acceptance or receipt in this state of computer and data processing services purchased from any retailer for consumption or use in this state occurring on or after July 1, 2001, at the rate of one per cent of such services, and (ii) with respect to the acceptance or receipt in this state of Internet access services, on and after July 1, 2001, such services shall be exempt from such tax;

(F) With respect to the acceptance or receipt in this state of patient care services purchased from any retailer for consumption or use in this state for which payment is received by the hospital on or after July 1, 1999, and prior to July 1, 2001, at the rate of five and three-fourths per cent and on and after July 1, 2001, such services shall be exempt from such tax;

(G) With respect to the rental or leasing of a passenger motor vehicle for a period of thirty consecutive calendar days or less, at a rate of nine and thirty-five-hundredths per cent;
(H) With respect to the acceptance or receipt in this state of (i) a motor vehicle for a sales price exceeding fifty thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price, (ii) jewelry, whether real or imitation, for a sales price exceeding five thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price, and (iii) an article of clothing or footwear intended to be worn on or about the human body, a handbag, luggage, umbrella, wallet or watch for a sales price exceeding one thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price. For purposes of this subparagraph, "motor vehicle" has the meaning provided in section 14-1, but does not include a motor vehicle subject to the provisions of subparagraph (C) of this subdivision, a motor vehicle having a gross vehicle weight rating over twelve thousand five hundred pounds, or a motor vehicle having a gross vehicle weight rating of twelve thousand five hundred pounds or less that is not used for private passenger purposes, but is designed or used to transport merchandise, freight or persons in connection with any business enterprise and issued a commercial registration or more specific type of registration by the Department of Motor Vehicles;

(I) With respect to the acceptance or receipt in this state of meals, as defined in subdivision (13) of section 12-412, sold by an eating establishment, caterer or grocery store; and spirituous, malt or vinous liquors, soft drinks, sodas or beverages such as are ordinarily dispensed at bars and soda fountains, or in connection therewith; in addition to the tax imposed under subparagraph (A) of this subdivision, at the rate of one per cent;

(J) (i) For calendar quarters ending on or after September 30, 2019, the commissioner shall deposit into the regional planning incentive account, established pursuant to section 4-66k, six and seven-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (B) of this subdivision and ten and seven-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (G) of this subdivision;
(ii) For calendar quarters ending on or after September 30, 2018, the commissioner shall deposit into the Tourism Fund established under section 10-395b ten per cent of the amounts received by the state from the tax imposed under subparagraph (B) of this subdivision;

(K) For calendar months commencing on or after July 1, 2021, the commissioner shall deposit into said municipal revenue sharing account seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision; [and]

(L) (i) For calendar months commencing on or after July 1, 2017, the commissioner shall deposit into said Special Transportation Fund seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision;

(ii) For calendar months commencing on or after July 1, 2018, but prior to July 1, 2019, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 eight per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the acceptance or receipt in this state of a motor vehicle;

(iii) For calendar months commencing on or after July 1, 2019, but prior to July 1, 2020, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 seventeen per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the acceptance or receipt in this state of a motor vehicle;

(iv) For calendar months commencing on or after July 1, 2020, but prior to July 1, 2021, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 twenty-five per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the acceptance or receipt in this state of a motor vehicle;

(v) For calendar months commencing on or after July 1, 2021, but
prior to July 1, 2022, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 seventy-five percent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the acceptance or receipt in this state of a motor vehicle; and

(vi) For calendar months commencing on or after July 1, 2022, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 one hundred percent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the acceptance or receipt in this state of a motor vehicle; and

(M) For calendar months commencing on or after July 1, 2023, the commissioner shall deposit the following percentages of the amount received by the state from the tax imposed under subparagraph (I) of this subdivision:

(i) Fifty percent into the municipal host grants account established under section 18 of this act; (ii) twenty-five percent into the arts, culture and tourism account established under section 19 of this act; and (iii) twenty-five percent into the municipal needs capacity account established under section 20 of this act.

Sec. 18. (NEW) (Effective July 1, 2023) There is established an account to be known as the "municipal host grants account" which shall be a separate, nonlapsing account within the General Fund. The account shall contain any moneys required by law to be deposited in the account. Moneys in the account shall be expended by the Office of Policy and Management for the purpose of distributing funds to municipalities in which businesses that have remitted the tax under subparagraph (I) of subdivision (1) of section 12-408 of the general statutes, as amended by this act, and subparagraph (I) of subdivision (1) of section 12-411 of the general statutes, as amended by this act, are located.

Sec. 19. (NEW) (Effective July 1, 2023) There is established an account to be known as the "arts, culture and tourism account" which shall be a separate, nonlapsing account within the General Fund. The account
shall contain any moneys required by law to be deposited in the account. Moneys in the account shall be expended by the Department of Economic and Community Development for the purpose of providing arts, culture and tourism grants in accordance with the department's duties under chapter 184b of the general statutes.

Sec. 20. (NEW) (Effective July 1, 2023) There is established an account to be known as the "municipal needs capacity account" which shall be a separate, nonlapsing account within the General Fund. The account shall contain any moneys required by law to be deposited in the account. Moneys in the account shall be expended by the Office of Policy and Management for the purpose of distributing funds to municipalities according to each municipality's municipal needs capacity gap metric, as calculated by the Secretary of the Office of Policy and Management in accordance with the methodologies used in the May, 2015 New England Public Policy Center Research Report 15-1.

Sec. 21. (NEW) (Effective from passage) (a) Commencing July 1, 2023, the Commissioner of Revenue Services shall track and record the source of the revenue received by the state each fiscal year from the tax imposed under chapters 208, 219 and 229 of the general statutes, for the purpose of accurately and fairly attributing to each municipality revenue received from each such tax. The commissioner shall determine the sourcing method for the revenue from the tax imposed under chapters 208 and 219 of the general statutes, provided such revenue is sourced to each municipality in which the taxpayer has an office or facility in the state. The revenue from the tax imposed under chapter 229 of the general statutes shall be sourced to the municipality in which the employer's office or facility is located, for the employees who work primarily at such location. Taxpayers paying a tax specified in this subsection shall provide disaggregated information and such other data the commissioner requests to carry out the provisions of this section. On or before June 30, 2024, and annually thereafter, the commissioner shall post on the Department of Revenue Service's Internet web site a list of all municipalities and the amount of revenue from each such tax.
attributed to the municipality for the applicable fiscal year.

(b) (1) Prior to July 1, 2023, and annually thereafter, the Secretary of the Office of Policy and Management shall calculate, based on the statement of estimated revenue supplied by the joint standing committee of the General Assembly having cognizance of matters relating to state finance, revenue and bonding pursuant to subsection (b) of section 2-35 of the general statutes, growth rate projections on a municipal basis for each tax specified in subsection (a) of this section.

(2) On or before January 1, 2024, and annually thereafter, the secretary shall calculate and post on the Office of Policy and Management's Internet web site a municipal needs capacity gap metric for each municipality. Such metric shall be calculated in accordance with the methodologies used in the May, 2015 New England Public Policy Center Research Report 15-1.

(c) There is established an account to be known as the "municipal tax revenue account" which shall be a separate, nonlapping account within the General Fund. The account shall contain any moneys required by law to be deposited in the account. Moneys in the account shall be expended by the Secretary of the Office of Policy and Management for the purposes of this section.

(d) Commencing with the fiscal year ending June 30, 2025, and each fiscal year thereafter, the Comptroller shall transfer from the General Fund to the municipal tax revenue account, established under subsection (c) of this section, any amount of each tax set forth in subsection (a) of this section that exceeds the projected growth rate calculated for such tax pursuant to subdivision (1) of subsection (b) of this section.

(e) (1) When the amount in the municipal tax revenue account reaches forty million dollars, the Secretary of the Office of Policy and Management shall commence disbursing grants to municipalities on an annual basis in accordance with the provisions of this subsection,
provided the balance in the account may not fall below twenty million dollars.

(2) The secretary shall calculate, for each municipality for which the Commissioner of Revenue Services has attributed tax revenue under subsection (a) of this section, the portion of the excess revenue deposited in the account from each tax that is attributable to such municipality. Each such municipality shall receive a grant of sixty per cent of such portion.

(3) If any funds in the account remain available for disbursement after the grants under subdivision (2) of this subsection have been paid for the fiscal year, the Secretary of the Office of Policy and Management shall distribute additional grants proportionately to municipalities for which the secretary has calculated a positive gap metric under subdivision (2) of subsection (b) of this section.

Sec. 22. (Effective from passage) (a) For each of the fiscal years ending June 30, 2023, and June 30, 2024, up to three hundred million dollars of the resources of the General Fund that exceed the statement of estimated revenue supplied by the joint standing committee of the General Assembly having cognizance of matters relating to state finance, revenue and bonding pursuant to subsection (b) of section 2-35 of the general statutes shall be transferred to the supplemental grants in lieu of taxes account established under subsection (b) of this section.

(b) There is established an account to be known as the "supplemental grants in lieu of taxes account" which shall be a separate, nonlapsing account within the General Fund. The account shall contain any moneys required by law to be deposited in the account. Moneys in the account shall be expended by the Secretary of the Office of Policy and Management for the purposes of paying the grants under section 12-18b of the general statutes.

Sec. 23. Subdivision (4) of subsection (a) of section 12-217 of the general statutes is repealed and the following is substituted in lieu
thereof (Effective October 1, 2023):

(4) Notwithstanding any provision of this section; [to the contrary,]

(A) [any] Any excess of the deductions provided in this section for
any income year commencing on or after January 1, 1973, over the gross
income for such year or the amount of such excess apportioned to this
state under the provisions of this chapter, shall be an operating loss of
such income year and shall be deductible as an operating loss carry-over
for operating losses incurred prior to income years commencing January
1, 2000, in each of the five income years following such loss year; [and]
for operating losses incurred in income years commencing on or after
January 1, 2000, and prior to January 1, 2015, in each of the twenty
income years following such loss year; [and for operating losses
incurred in income years commencing on or after January 1, 2015, in
each of the thirty income years following such loss year; except that:

(i) [for] For income years commencing prior to January 1, 2015, the
portion of such operating loss [which] that may be deducted as an
operating loss carry-over in any income year following such loss year
shall be limited to the lesser of (I) any net income greater than zero of
such income year following such loss year, or in the case of a company
entitled to apportion its net income under the provisions of this chapter,
the amount of such net income [which] that is apportioned to this state
pursuant thereto, or (II) the excess, if any, of such operating loss over
the total of such net income for each of any prior income years following
such loss year, such net income of each of such prior income years
following such loss year for such purposes being computed without
regard to any operating loss carry-over from such loss year allowed
under this subparagraph and being regarded as not less than zero, and
provided further the operating loss of any income year shall be
deducted in any subsequent year, to the extent available for such
deduction, before the operating loss of any subsequent income year is
deducted; [and]

(ii) [for] For income years commencing on or after January 1, 2015,
the portion of such operating loss [which] that may be deducted as an operating loss carry-over in any income year following such loss year shall be limited to the lesser of (I) fifty per cent of net income of such income year following such loss year, or in the case of a company entitled to apportion its net income under the provisions of this chapter, fifty per cent of such net income [which] is apportioned to this state pursuant thereto, or (II) the excess, if any, of such operating loss over the operating loss deductions allowable with respect to such operating loss under this subparagraph for each of any prior income years following such loss year, such net income of each of such prior income years following such loss year for such purposes being computed without regard to any operating loss carry-over from such loss year allowed under this subparagraph and being regarded as not less than zero, and provided further the operating loss of any income year shall be deducted in any subsequent year, to the extent available for such deduction, before the operating loss of any subsequent income year is deducted; [I] and

(iii) [if] If a combined group so elects, the combined group shall relinquish fifty per cent of its unused operating losses incurred prior to the income year commencing on or after January 1, 2015, and before January 1, 2016, and may utilize the remaining operating loss carry-over without regard to the limitations prescribed in subparagraph (A)(ii) of this subdivision. The portion of such operating loss carry-over that may be deducted shall be limited to the amount required to reduce a combined group's tax under this chapter, prior to surtax and prior to the application of credits, to two million five hundred thousand dollars in any income year commencing on or after January 1, 2015. Only after the combined group's remaining operating loss carry-over for operating losses incurred prior to income years commencing January 1, 2015, has been fully utilized, will the limitations prescribed in subparagraph (A)(ii) of this subdivision apply. The combined group, or any member thereof, shall make such election on its return for the income year beginning on or after January 1, 2015, and before January 1, 2016, by the due date for such return, including any extensions. Only combined
groups with unused operating losses in excess of six billion dollars from income years beginning prior to January 1, 2013, may make the election prescribed in this clause; and

(B) [any] Any net capital loss, as defined in the Internal Revenue Code effective and in force on the last day of the income year, for any income year commencing on or after January 1, 1973, shall be allowed as a capital loss carry-over to reduce, but not below zero, any net capital gain, as so defined, in each of the five following income years, in order of sequence, to the extent not exhausted by the net capital gain of any of the preceding of such five following income years; and

(C) [any] Any net capital losses allowed and carried forward from prior years to income years beginning on or after January 1, 1973, for federal income tax purposes by companies entitled to a deduction for dividends paid under the Internal Revenue Code other than companies subject to the gross earnings taxes imposed under chapters 211 and 212, shall be allowed as a capital loss carry-over.

Sec. 24. Section 12-217w of the general statutes is repealed and the following is substituted in lieu thereof (Effective January 1, 2024):

(a) For purposes of this section; ["fixed capital"]

(1) "Fixed capital" means tangible personal property [which (1)] that (A) has a class life, in years, of more than four years, as described in Section 168(e) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, (B) is acquired by purchase from a person other than a related person, (C) is not acquired to be leased, and is not leased, to another person or persons during the twelve full months following its acquisition, and (D) will be held and used in this state by (i) for purposes of subdivision (1) of subsection (b) of this section, a corporation in the ordinary course of the corporation's trade or business in this state for not less than five full years following its acquisition, or (ii) for purposes of subdivision (2) of subsection (b) of this section.
section, a limited liability company in the ordinary course of the limited
liability company's trade or business in this state for not less than five
full years following its acquisition. "Fixed capital" does not include
inventory, land, buildings or structures [J or mobile transportation
property; [. With]

(2) "Related person" means, with respect to a corporation claiming a
credit under this section, [a "related person" means] (A) a corporation,
partnership, association or trust controlled by such corporation, [J (B)
an individual, corporation, partnership, association or trust that is in
control of such corporation, [J (C) a corporation, partnership,
association or trust controlled by an individual, corporation,
partnership, association or trust that is in control of such corporation, [J
or (D) a member of the same controlled group as such corporation; [. For
purposes of this section, "control",]

(3) "Control" means (A) with respect to a corporation, [means]
ownership, directly or indirectly, of stock possessing fifty per cent or
more of the total combined voting power of all classes of the stock of
such corporation entitled to vote, [J or (B) with respect to a trust,
[means] ownership, directly or indirectly, of fifty per cent or more of the
beneficial interest in the principal or income of such trust. The
ownership of stock in a corporation, of a capital or profits interest in a
partnership or association or of a beneficial interest in a trust shall be
determined in accordance with the rules for constructive ownership of
stock provided in Section 267(c) of the Internal Revenue Code of 1986,
or any subsequent corresponding internal revenue code of the United
States, as amended from time to time, [amended,] other than paragraph
(3) of [such] said section.

(b) (1) There shall be allowed a credit for any corporation against the
tax imposed under this chapter in an amount paid or incurred by such
corporation for any new fixed capital investment during the income
year in which such fixed capital is acquired as follows: For any income
year commencing on or after January 1, 1998, and prior to January 1,
1999, equal to three per cent of such amount paid or incurred by the
corporation during such income year; for any income year commencing
on or after January 1, 1999, and prior to January 1, 2000, equal to four
per cent of such amount paid or incurred by the corporation during such
income year; and for any income year commencing on or after January
1, 2000, equal to five per cent of such amount paid or incurred by the
corporation during such income year.

(2) There shall be allowed an additional credit against the tax
imposed under this chapter for any corporation that owns at least eighty
per cent, directly or indirectly, of a limited liability company that is, for
federal income tax purposes, treated as a partnership or disregarded as
an entity separate from its owner, in an amount paid or incurred by such
limited liability company for any new fixed capital investment during
the income year in which such fixed capital is acquired as follows: For
any income year commencing on or after January 1, 2024, equal to five
per cent of such amount paid or incurred by the limited liability
company.

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

(d) No corporation claiming [the] a credit under this section and no
limited liability for which a corporation is claiming a credit under this
section, with respect to the acquisition of fixed capital, [as defined in
subsection (a) of this section,] may claim a credit against any tax under
any other provision of the general statutes with respect to the same
acquisition.

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

(f) If the fixed capital on account of which a corporation has claimed
the credit allowed by this section is not held and used in this state in the
ordinary course of the corporation's trade or business in this state for
three full years following its acquisition as provided in subsection (a) of
this section, the corporation shall recapture one hundred per cent of the
amount of the credit allowed under this section on its corporation
business tax return required to be filed for the income year immediately
succeeding the income year during which such three-year period
expires. If the fixed capital on account of which a corporation has
claimed the credit allowed by this section is not held and used in this
state in the ordinary course of the corporation's trade or business in this
state for five full years following its acquisition as provided in
subsection (a) of this section, the corporation shall recapture fifty per
cent of the amount of the credit allowed under this section on its
corporation business tax return required to be filed for the income year
immediately succeeding the income year during which such five-year
period expires. The provisions of this subsection shall not apply if the
property that is the subject of the credit under this section is replaced. If
any amount of credit required to be recaptured has not been paid to the
commissioner on or before the first day of the fourth month next
succeeding the end of the income year immediately succeeding the
income year during which the three-year or five-year period, as the case
may be, expires, such amount shall bear interest at the rate of one per
cent per month or fraction thereof from such date to the date of
payment.

Sec. 25. (NEW) (Effective July 1, 2023) (a) The Commissioner of
Revenue Services shall annually:

(1) Estimate the state tax gap and develop an overall strategy to
promote compliance and discourage tax avoidance. Such estimate shall
include an analysis of income distribution and population distribution
expressed for (A) every ten percentage points, (B) the top five per cent
of all income taxpayers, (C) the top one per cent of all income taxpayers,
and (D) the top one-half of one per cent of all income taxpayers. As used
in this section, "tax gap" means the difference between taxes owed under
full compliance with all state tax laws and the state taxes voluntarily
paid, where such difference may be due to a failure to file taxes, underreporting of tax liability or not paying all taxes owing;

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

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

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

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

Sec. 26. Section 12-7c of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2023):
(a) The Commissioner of Revenue Services shall, on or before December 15, 2023, and biennially thereafter, submit to the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding, and post on the department’s Internet web site a report on the overall incidence of the personal income tax, the affected business entity tax, sales and excise taxes, the corporation business tax, [and] property tax and any other tax that generated at least one hundred million dollars in the most recent fiscal year prior to the submission of each report, for each of the most recent ten tax years for which complete data are available.

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

[(1) (A) For individuals:

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

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

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

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

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

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

[(2)] (B) For businesses:

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

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

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

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

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

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

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

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

Sec. 27. Section 453 of public act 21-2 of the June special session, as amended by section 471 of public act 22-118, is repealed. *(Effective from passage)*

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

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<td>Sec. 8</td>
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**FIN**  
Joint Favorable Subst.