



General Assembly

February Session, 2022

Raised Bill No. 5371

LCO No. 2628



Referred to Committee on VETERANS' AFFAIRS

Introduced by:
(VA)

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

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

1 Section 1. Subparagraph (B) of subdivision (20) of subsection (a) of
2 section 12-701 of the 2022 supplement to the general statutes is repealed
3 and the following is substituted in lieu thereof (*Effective July 1, 2022*):

4 (B) There shall be subtracted therefrom:

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

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

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

14 Columbia;

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

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

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

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

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

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

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

68 (II) For taxable years commencing prior to January 1, 2019, for a
69 person who files a return under the federal income tax as an unmarried
70 individual whose federal adjusted gross income for such taxable year is
71 fifty thousand dollars or more, or as a married individual filing
72 separately whose federal adjusted gross income for such taxable year is
73 fifty thousand dollars or more, or for a husband and wife who file a
74 return under the federal income tax as married individuals filing jointly
75 whose federal adjusted gross income from such taxable year is sixty
76 thousand dollars or more or for a person who files a return under the
77 federal income tax as a head of household whose federal adjusted gross
78 income for such taxable year is sixty thousand dollars or more, an

79 amount equal to the difference between the amount of Social Security
80 benefits includable for federal income tax purposes and the lesser of
81 twenty-five per cent of the Social Security benefits received during the
82 taxable year, or twenty-five per cent of the excess described in Section
83 86(b)(1) of the Internal Revenue Code;

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

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

113 Revenue Code;

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

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

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

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

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

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

142 (xvii) To the extent properly includable in gross income for federal
143 income tax purposes, any income received from the United States

144 government as retirement pay for a retired member of (I) the Armed
145 Forces of the United States, as defined in Section 101 of Title 10 of the
146 United States Code, or (II) the National Guard, as defined in Section 101
147 of Title 10 of the United States Code;

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

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

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

175 (xxi) To the extent properly includable in gross income for federal
176 income tax purposes, except for retirement benefits under clause (iv) of

177 this subparagraph and retirement pay under clause (xvii) of this
178 subparagraph, for a person who files a return under the federal income
179 tax as an unmarried individual whose federal adjusted gross income for
180 such taxable year is less than seventy-five thousand dollars, or as a
181 married individual filing separately whose federal adjusted gross
182 income for such taxable year is less than seventy-five thousand dollars,
183 or as a head of household whose federal adjusted gross income for such
184 taxable year is less than seventy-five thousand dollars, or for a husband
185 and wife who file a return under the federal income tax as married
186 individuals filing jointly whose federal adjusted gross income for such
187 taxable year is less than one hundred thousand dollars, (I) for the taxable
188 year commencing January 1, 2019, fourteen per cent of any pension or
189 annuity income, (II) for the taxable year commencing January 1, 2020,
190 twenty-eight per cent of any pension or annuity income, (III) for the
191 taxable year commencing January 1, 2021, forty-two per cent of any
192 pension or annuity income, (IV) for the taxable year commencing
193 January 1, 2022, fifty-six per cent of any pension or annuity income, (V)
194 for the taxable year commencing January 1, 2023, seventy per cent of any
195 pension or annuity income, (VI) for the taxable year commencing
196 January 1, 2024, eighty-four per cent of any pension or annuity income,
197 and (VII) for the taxable year commencing January 1, 2025, and each
198 taxable year thereafter, any pension or annuity income;

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

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

209 (xxiv) To the extent properly includable in gross income for federal

210 income tax purposes, the amount calculated pursuant to subsection (b)
211 of section 12-704g for income received by a general partner of a venture
212 capital fund, as defined in 17 CFR 275.203(l)-1, as amended from time to
213 time;

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

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

242 (xxvii) To the extent properly includable in gross income for federal

243 income tax purposes, the amount of any compensation received for
244 attending a funeral as a member of an honor guard detail pursuant to
245 section 27-76.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>July 1, 2022</i>	12-701(a)(20)(B)
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Statement of Purpose:

To establish a personal income tax deduction for compensation received as a result of participation in military honor guard details.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]