



General Assembly

January Session, 2023

**Governor's Bill No. 981**

LCO No. 4026



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:

Request of the Governor Pursuant  
to Joint Rule 9

***AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET.***

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

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2 general statutes is repealed and the following is substituted in lieu  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

5 (4) (A) With respect to income years commencing on or after January  
6 1, 2018, and prior to January 1, [2023] 2026, any company subject to the  
7 tax imposed in accordance with subsection (a) of this section shall pay,  
8 for such income year, except when the tax so calculated is equal to two  
9 hundred fifty dollars, an additional tax in an amount equal to ten per  
10 cent of the tax calculated under said subsection (a) for such income year,  
11 without reduction of the tax so calculated by the amount of any credit  
12 against such tax. The additional amount of tax determined under this  
13 subsection for any income year shall constitute a part of the tax imposed  
14 by the provisions of said subsection (a) and shall become due and be

15 paid, collected and enforced as provided in this chapter.

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

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22 statutes is repealed and the following is substituted in lieu thereof  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

25 (4) (A) With respect to income years commencing on or after January  
26 1, 2018, and prior to January 1, [2023] 2026, the additional tax imposed  
27 on any company and calculated in accordance with subsection (a) of this  
28 section shall, for such income year, except when the tax so calculated is  
29 equal to two hundred fifty dollars, be increased by adding thereto an  
30 amount equal to ten per cent of the additional tax so calculated for such  
31 income year, without reduction of the tax so calculated by the amount  
32 of any credit against such tax. The increased amount of tax payable by  
33 any company under this section, as determined in accordance with this  
34 subsection, shall become due and be paid, collected and enforced as  
35 provided in this chapter.

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

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

47 to the effective date of sections 1 and 2 of this act.

48 Sec. 4. Section 12-217x of the general statutes is repealed and the  
49 following is substituted in lieu thereof (*Effective from passage*):

50 (a) For purposes of this section, "human capital investment" means  
51 the amount paid or incurred by a corporation on (1) job training [which]  
52 that occurs in this state for persons who are employed in this state; (2)  
53 work education programs in this state, including, but not limited to,  
54 programs in public high schools and work education-diversified  
55 occupations programs in this state; (3) worker training and education  
56 for persons who are employed in this state, provided by institutions of  
57 higher education in this state; (4) donations or capital contributions to  
58 institutions of higher education in this state for improvements or  
59 advancements of technology, including physical plant improvements;  
60 (5) planning, site preparation, construction, renovation or acquisition of  
61 facilities in this state for the purpose of establishing a child care center,  
62 as described in section 19a-77, in this state to be used primarily by the  
63 children of employees who are employed in this state; (6) subsidies to  
64 employees who are employed in this state for child care to be provided  
65 in this state; and (7) contributions made to the Individual Development  
66 Account Reserve Fund, as defined in section 31-51ww.

67 (b) There shall be allowed a credit for any corporation against the tax  
68 imposed under this chapter in an amount spent by such corporation, as  
69 a human capital investment as follows: (1) For any income year  
70 commencing on or after January 1, 1998, and prior to January 1, 1999,  
71 equal to three per cent of such amount paid or incurred by the  
72 corporation during such income year; (2) for any income year  
73 commencing on or after January 1, 1999, and prior to January 1, 2000,  
74 equal to four per cent of such amount paid or incurred by the  
75 corporation during such income year; [and] (3) for any income year  
76 commencing on or after January 1, 2000, and prior to January 1, 2024,  
77 equal to five per cent of such amount paid or incurred by the  
78 corporation during such income year; and (4) for any income year  
79 commencing on or after January 1, 2024, (A) equal to ten per cent of the

80 amount paid or incurred by the corporation during such income year  
81 for the purposes set forth in subdivisions (1) to (4), inclusive, and  
82 subdivision (7) of subsection (a) of this section, and (B) equal to twenty-  
83 five per cent of the amount paid or incurred by the corporation during  
84 such income year for the purposes set forth in subdivisions (5) and (6)  
85 of subsection (a) of this section.

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

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

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

96 Sec. 5. Subsection (a) of section 12-217zz of the general statutes is  
97 repealed and the following is substituted in lieu thereof (*Effective from*  
98 *passage*):

99 (a) Except as otherwise provided in subsection (b) of this section and  
100 sections 12-217aaa and 12-217bbb, the amount of tax credit or credits  
101 otherwise allowable against the tax imposed under this chapter shall be  
102 as follows:

103 (1) For any income year commencing on or after January 1, 2002, and  
104 prior to January 1, 2015, the amount of tax credit or credits otherwise  
105 allowable shall not exceed seventy per cent of the amount of tax due  
106 from such taxpayer under this chapter with respect to any such income  
107 year of the taxpayer prior to the application of such credit or credits;

108 (2) For any income year commencing on or after January 1, 2015, the  
109 amount of tax credit or credits otherwise allowable shall not exceed fifty

110 and one one-hundredths per cent of the amount of tax due from such  
111 taxpayer under this chapter with respect to any such income year of the  
112 taxpayer prior to the application of such credit or credits;

113 (3) Notwithstanding the provisions of subdivision (2) of this  
114 subsection, any taxpayer that possesses excess credits may utilize the  
115 excess credits as follows:

116 (A) For income years commencing on or after January 1, 2016, and  
117 prior to January 1, 2017, the aggregate amount of tax credits and excess  
118 credits allowable shall not exceed fifty-five per cent of the amount of tax  
119 due from such taxpayer under this chapter with respect to any such  
120 income year of the taxpayer prior to the application of such credit or  
121 credits;

122 (B) For income years commencing on or after January 1, 2017, and  
123 prior to January 1, 2018, the aggregate amount of tax credits and excess  
124 credits allowable shall not exceed sixty per cent of the amount of tax due  
125 from such taxpayer under this chapter with respect to any such income  
126 year of the taxpayer prior to the application of such credit or credits;

127 (C) For income years commencing on or after January 1, 2018, and  
128 prior to January 1, 2019, the aggregate amount of tax credits and excess  
129 credits allowable shall not exceed sixty-five per cent of the amount of  
130 tax due from such taxpayer under this chapter with respect to any such  
131 income year of the taxpayer prior to the application of such credit or  
132 credits;

133 (D) For purposes of this subdivision, "excess credits" means any  
134 remaining credits available under section 12-217j, 12-217n or 32-9t after  
135 tax credits are utilized in accordance with subdivision (2) of this  
136 subsection;

137 (4) Notwithstanding the provisions of subdivision (2) of this  
138 subsection, the aggregate amount allowable of tax credits and any  
139 remaining credits available under section 12-217j or 12-217n after tax  
140 credits are utilized in accordance with said subdivision shall not exceed

141 (A) for income years commencing on or after January 1, 2022, and prior  
142 to January 1, 2023, sixty per cent of the amount of tax due from such  
143 taxpayer under this chapter with respect to any such income year of the  
144 taxpayer prior to the application of such credit or credits, and (B) for  
145 income years commencing on or after January 1, 2023, and prior to  
146 January 1, 2024, seventy per cent of the amount of tax due from such  
147 taxpayer under this chapter with respect to any such income year of the  
148 taxpayer prior to the application of such credit or credits.

149 (5) Notwithstanding the provisions of subdivision (2) of this  
150 subsection, for income years commencing on or after January 1, 2024,  
151 the aggregate amount allowable of tax credits and any remaining credits  
152 available under section 12-217j or 12-217n or subparagraph (B) of  
153 subdivision (4) of subsection (b) of section 12-217x, as amended by this  
154 act, after tax credits are utilized in accordance with said subdivision  
155 shall not exceed seventy per cent of the amount of tax due from such  
156 taxpayer under this chapter with respect to any such income year of the  
157 taxpayer prior to the application of such credit or credits.

158 Sec. 6. Subsection (a) of section 12-392 of the general statutes is  
159 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
160 *2023*):

161 (a) (1) (A) For the estates of decedents dying prior to July 1, 2009, and  
162 on or after July 1, 2023, the tax imposed by this chapter shall become due  
163 at the date of the taxable transfer and shall become payable, and shall  
164 be paid, without assessment, notice or demand, to the Commissioner of  
165 Revenue Services at the expiration of nine months from the date of  
166 death.

167 (B) For the estates of decedents dying on or after July 1, 2009, and  
168 prior to July 1, 2023, the tax imposed by this chapter shall become due  
169 at the date of the taxable transfer and shall become payable and shall be  
170 paid, without assessment, notice or demand, to the commissioner at the  
171 expiration of six months from the date of death.

172 (C) Executors, administrators, trustees, grantees, donees,

173 beneficiaries and surviving joint owners shall be liable for the tax and  
174 for any interest or penalty thereon until it is paid, notwithstanding any  
175 provision of chapter 802b, except that no executor, administrator,  
176 trustee, grantee, donee, beneficiary or surviving joint owner shall be  
177 liable for a greater sum than the value of the property actually received  
178 by him or her.

179 (D) If the amount of tax reported to be due on the return is not paid  
180 [ for the estates of decedents dying prior to July 1, 2009, within such  
181 nine months, or for the estates of decedents dying on or after July 1,  
182 2009, within such six months] within the time period set forth in  
183 subparagraph (A) or (B) of this subdivision, as applicable, there shall be  
184 imposed a penalty equal to ten per cent of such amount due and unpaid,  
185 or fifty dollars, whichever is greater. Such amount shall bear interest at  
186 the rate of one per cent per month or fraction thereof from the due date  
187 of such tax until the date of payment. Subject to the provisions of section  
188 12-3a, the commissioner may waive all or part of the penalties provided  
189 under this chapter when it is proven to the commissioner's satisfaction  
190 that the failure to pay any tax was due to reasonable cause and was not  
191 intentional or due to neglect.

192 (2) The Commissioner of Revenue Services may, for reasonable cause  
193 shown, extend the time for payment. The commissioner may require the  
194 filing of a tentative return and the payment of the tax reported to be due  
195 thereon in connection with such extension. Any additional tax which  
196 may be found to be due on the filing of a return as allowed by such  
197 extension shall bear interest at the rate of one per cent per month or  
198 fraction thereof from the original due date of such tax to the date of  
199 actual payment.

200 (3) (A) Whenever there is a claimed overpayment of the tax imposed  
201 by this chapter, the Commissioner of Revenue Services shall return to  
202 the fiduciary or transferee the overpayment which shall bear interest at  
203 the rate of two-thirds of one per cent per month or fraction thereof, such  
204 interest commencing, for the estates of decedents dying prior to July 1,  
205 2009, and on or after July 1, 2023, from the expiration of nine months

206 after the death of the transferor or date of payment, whichever is later,  
207 or, for the estates of decedents dying on or after July 1, 2009, and prior  
208 to July 1, 2023, from the expiration of six months after the death of the  
209 transferor or date of payment, whichever is later, as provided in  
210 subparagraphs (B) and (C) of this subdivision.

211 (B) In case of such overpayment pursuant to a tax return, no interest  
212 shall be allowed or paid under this subdivision on such overpayment  
213 for any month or fraction thereof prior to (i) the ninety-first day after the  
214 last day prescribed for filing the tax return associated with such  
215 overpayment, determined without regard to any extension of time for  
216 filing, or (ii) the ninety-first day after the date such return was filed,  
217 whichever is later.

218 (C) In case of such overpayment pursuant to an amended tax return,  
219 no interest shall be allowed or paid under this subdivision on such  
220 overpayment for any month or fraction thereof prior to the ninety-first  
221 day after the date such amended tax return was filed.

222 Sec. 7. Section 12-704d of the general statutes is repealed and the  
223 following is substituted in lieu thereof (*Effective July 1, 2023*):

224 (a) As used in this section:

225 (1) "Angel investor" means an accredited investor, as defined by the  
226 Securities and Exchange Commission, or network of accredited  
227 investors who review new or proposed businesses for potential  
228 investment and who may seek active involvement, such as consulting  
229 and mentoring, in a qualified Connecticut business or a qualified  
230 cannabis business, but "angel investor" does not include (A) a person  
231 controlling fifty per cent or more of the Connecticut business or cannabis  
232 business invested in by the angel investor, (B) a venture capital  
233 company, or (C) any bank, bank and trust company, insurance  
234 company, trust company, national bank, savings association or building  
235 and loan association for activities that are a part of its normal course of  
236 business;



237 (2) "Cash investment" means the contribution of cash, at a risk of loss,  
238 to a qualified Connecticut business or a qualified cannabis business in  
239 exchange for qualified securities;

240 (3) "Connecticut business" means any business, other than a cannabis  
241 business, with its principal place of business in Connecticut;

242 (4) "Bioscience" means manufacturing pharmaceuticals, medicines,  
243 medical equipment or medical devices and analytical laboratory  
244 instruments, operating medical or diagnostic testing laboratories, or  
245 conducting pure research and development in life sciences;

246 (5) "Advanced materials" means developing, formulating or  
247 manufacturing advanced alloys, coatings, lubricants, refrigerants,  
248 surfactants, emulsifiers or substrates;

249 (6) "Photonics" means generation, emission, transmission,  
250 modulation, signal processing, switching, amplification, detection and  
251 sensing of light from ultraviolet to infrared and the manufacture,  
252 research or development of opto-electronic devices, including, but not  
253 limited to, lasers, masers, fiber optic devices, quantum devices,  
254 holographic devices and related technologies;

255 (7) "Information technology" means software publishing, motion  
256 picture and video production, teleproduction and postproduction  
257 services, telecommunications, data processing, hosting and related  
258 services, custom computer programming services, computer system  
259 design, computer facilities management services, other computer  
260 related services and computer training;

261 (8) "Clean technology" means the production, manufacture, design,  
262 research or development of clean energy, green buildings, smart grid,  
263 high-efficiency transportation vehicles and alternative fuels,  
264 environmental products, environmental remediation and pollution  
265 prevention;

266 (9) "Qualified securities" means any form of equity, including a

267 general or limited partnership interest, common stock, preferred stock,  
268 with or without voting rights, without regard to seniority position that  
269 must be convertible into common stock;

270 (10) "Emerging technology business" means any business that is  
271 engaged in bioscience, advanced materials, photonics, information  
272 technology, clean technology or any other emerging technology as  
273 determined by the Commissioner of Economic and Community  
274 Development;

275 (11) "Cannabis business" means a cannabis establishment (A) for  
276 which a social equity applicant has been granted a provisional license  
277 or a license, (B) in which a social equity applicant or social equity  
278 applicants have an ownership interest of at least sixty-five per cent, and  
279 (C) such social equity applicant or social equity applicants have control  
280 of such establishment;

281 (12) "Social equity applicant" has the same meaning as provided in  
282 section 21a-420;

283 (13) "Cannabis" has the same meaning as provided in section 21a-420;  
284 and

285 (14) "Cannabis establishment" has the same meaning as provided in  
286 section 21a-420.

287 (b) There shall be allowed a credit against the tax imposed under this  
288 chapter, other than the liability imposed by section 12-707, for a cash  
289 investment by an angel investor of not less than twenty-five thousand  
290 dollars in the qualified securities of a Connecticut business or a cannabis  
291 business. The credit shall be in an amount equal to (1) twenty-five per  
292 cent of such investor's cash investment in a Connecticut business, or (2)  
293 forty per cent of such investor's cash investment in a cannabis business,  
294 provided the total tax credits allowed to any angel investor shall not  
295 exceed five hundred thousand dollars. The credit shall be claimed in the  
296 taxable year in which such cash investment is made by the angel  
297 investor. The credit may be sold, assigned or otherwise transferred, in

298 whole or in part.

299 (c) To qualify for a tax credit pursuant to this section, a cash  
300 investment shall be in:

301 (1) A Connecticut business that (A) has been approved as a qualified  
302 Connecticut business pursuant to subsection (d) of this section; (B) had  
303 annual gross revenues of less than one million dollars in the most recent  
304 income year of such business; (C) has fewer than twenty-five employees,  
305 not less than seventy-five per cent of whom reside in this state; (D) has  
306 been operating in this state for less than seven consecutive years; (E) is  
307 primarily owned by the management of the business and their families;  
308 and (F) received less than two million dollars in cash investments  
309 eligible for the tax credits provided by this section; or

310 (2) A cannabis business that (A) has been approved as a qualified  
311 cannabis business pursuant to subsection (d) of this section; (B) had  
312 annual gross revenues of less than one million dollars in the most recent  
313 income year of such business; (C) has fewer than twenty-five employees,  
314 not less than seventy-five per cent of whom reside in this state; (D) is  
315 primarily owned by the management of the business and their families;  
316 and (E) received less than two million dollars in cash investments  
317 eligible for the tax credits provided by this section.

318 (d) (1) A Connecticut business or a cannabis business may apply to  
319 Connecticut Innovations, Incorporated, for approval as a Connecticut  
320 business or cannabis business, as applicable, qualified to receive cash  
321 investments eligible for a tax credit pursuant to this section. The  
322 application shall include (A) the name of the business and a copy of the  
323 organizational documents of such business, (B) a business plan,  
324 including a description of the business and the management, product,  
325 market and financial plan of the business, (C) a description of the  
326 business's innovative technology, product or service, (D) a statement of  
327 the potential economic impact of the business, including the number,  
328 location and types of jobs expected to be created, (E) a description of the  
329 qualified securities to be issued and the amount of cash investment

330 sought by the business, (F) a statement of the amount, timing and  
331 projected use of the proceeds to be raised from the proposed sale of  
332 qualified securities, and (G) such other information as the chief  
333 executive officer of Connecticut Innovations, Incorporated, may require.

334 (2) Said chief executive officer shall, on a monthly basis, compile a list  
335 of approved applications, categorized by the cash investments being  
336 sought by the qualified Connecticut business or the qualified cannabis  
337 business and type of qualified securities offered.

338 (e) (1) Any angel investor that intends to make a cash investment in  
339 a business on such list may apply to Connecticut Innovations,  
340 Incorporated, to reserve a tax credit in the amount indicated by such  
341 investor. Connecticut Innovations, Incorporated, shall not reserve tax  
342 credits under this section for any investments made in a qualified  
343 Connecticut business on or after July 1, 2028, or for any investments  
344 made in a qualified cannabis business on or after July 1, 2023.

345 (2) The aggregate amount of all tax credits under this section that may  
346 be reserved by Connecticut Innovations, Incorporated, shall not exceed  
347 (A) for cash investments made in qualified Connecticut businesses, six  
348 million dollars annually for the fiscal years commencing July 1, 2010, to  
349 July 1, 2012, inclusive, and five million dollars for each fiscal year  
350 thereafter, and (B) for cash investments made in qualified cannabis  
351 businesses, fifteen million dollars annually for [each fiscal year] the  
352 fiscal years commencing [on or after] July 1, 2021, and July 1, 2022.

353 (3) With respect to the tax credits available under this section for  
354 investments in qualified Connecticut businesses, Connecticut  
355 Innovations, Incorporated, shall not reserve more than seventy-five per  
356 cent of such tax credits for investments in emerging technology  
357 businesses, except if any such credits remain available for reservation  
358 after April first in any fiscal year, such remaining credits may be  
359 reserved for investments in such businesses and may be prioritized for  
360 veteran-owned, women-owned or minority-owned businesses and  
361 businesses owned by individuals with disabilities.

362 (4) The amount of the credit allowed to any investor pursuant to this  
363 section shall not exceed the amount of tax due from such investor under  
364 this chapter, other than section 12-707, with respect to such taxable year.  
365 Any tax credit that is claimed by the angel investor but not applied  
366 against the tax due under this chapter, other than the liability imposed  
367 under section 12-707, may be carried forward for the five immediately  
368 succeeding taxable years until the full credit has been applied.

369 (f) If the angel investor is an S corporation or an entity treated as a  
370 partnership for federal income tax purposes, the tax credit may be  
371 claimed by the shareholders or partners of the angel investor. If the  
372 angel investor is a single member limited liability company that is  
373 disregarded as an entity separate from its owner, the tax credit may be  
374 claimed by such limited liability company's owner, provided such  
375 owner is a person subject to the tax imposed under this chapter.

376 (g) A review of the cumulative effectiveness of the credit under this  
377 section shall be conducted by Connecticut Innovations, Incorporated, by  
378 July first annually. Such review shall include, but need not be limited to,  
379 the number and type of Connecticut businesses and cannabis businesses  
380 that received angel investments, the number of angel investors and the  
381 aggregate amount of cash investments, the current status of each  
382 Connecticut business and cannabis business that received angel  
383 investments, the number of employees employed in each year following  
384 the year in which such Connecticut business or cannabis business  
385 received the angel investment and the economic impact in the state of  
386 the Connecticut business or cannabis business that received the angel  
387 investment. Such review shall be submitted to the Office of Policy and  
388 Management and to the joint standing committee of the General  
389 Assembly having cognizance of matters relating to commerce, in  
390 accordance with the provisions of section 11-4a.

391 Sec. 8. Subsection (c) of section 21a-420f of the general statutes is  
392 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
393 *2023*):

394 (c) (1) On and after July 1, 2022, there is established a fund to be  
395 known as the "Social Equity and Innovation Fund" which shall be a  
396 separate, nonlapsing fund. The fund shall contain any moneys required  
397 by law to be deposited in the fund and shall be held by the Treasurer  
398 separate and apart from all other moneys, funds and accounts. Moneys  
399 in the fund shall be appropriated for the purposes of providing the  
400 following: Access to capital for businesses; technical assistance for the  
401 start-up and operation of a business; funding for workforce education;  
402 funding for community investments; and paying costs incurred to  
403 implement the activities authorized under RERACA. All such  
404 appropriations shall be dedicated to expenditures that further the  
405 principles of equity, as defined in section 21a-420.

406 (2) (A) For the purposes of subdivision (1) of this subsection, for the  
407 fiscal year ending June 30, 2023, and for each fiscal year thereafter, the  
408 Social Equity Council shall transmit, for even-numbered years,  
409 estimates of expenditure requirements and for odd-numbered years,  
410 recommended adjustments and revisions, if any, of such estimates, to  
411 the Secretary of the Office of Policy and Management, in the manner  
412 prescribed for a budgeted agency under subsection (a) of section 4-77.  
413 [The council shall recommend for each fiscal year commencing with the  
414 fiscal year ending June 30, 2023, appropriate funding for all credits  
415 payable to angel investors that invest in cannabis businesses pursuant  
416 to section 12-704d.]

417 (B) The Office of Policy and Management may not make adjustments  
418 to any such estimates or adjustments and revisions of such estimates  
419 transmitted by the council. Notwithstanding any provision of the  
420 general statutes or any special act, the Governor shall not reduce the  
421 allotment requisitions or allotments in force pursuant to section 4-85 or  
422 make reductions in allotments in order to achieve budget savings in the  
423 General Fund, concerning any appropriations made by the General  
424 Assembly for the purposes of subdivision (1) of this subsection.

425 Sec. 9. Subsection (a) of section 12-704e of the general statutes is  
426 repealed and the following is substituted in lieu thereof (*Effective from*

427 *passage*):

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

440 Sec. 10. Section 3-20 of the general statutes is amended by adding  
441 subsection (bb) as follows (*Effective from passage*):

442 (NEW) (bb) (1) For each fiscal year during which general obligation  
443 bonds or credit revenue bonds issued on or after the effective date of  
444 this section and prior to July 1, 2033, shall be outstanding, the state of  
445 Connecticut shall comply with the provisions of (A) section 4-30a of the  
446 general statutes, revision of 1958, revised to January 1, 2023, (B) section  
447 2-33a of the general statutes, revision of 1958, revised to January 1, 2023,  
448 (C) section 2-33c of the general statutes, revision of 1958, revised to  
449 January 1, 2023, (D) subsections (d) and (g) of this section, revision of  
450 1958, revised to January 1, 2023, and (E) section 3-21 of the general  
451 statutes, revision of 1958, revised to January 1, 2023. The state of  
452 Connecticut does hereby pledge to and agree with the holders of any  
453 bonds, notes and other obligations issued pursuant to subdivision (2) of  
454 this subsection that no public or special act of the General Assembly  
455 taking effect on or after the effective date of this section and prior to July  
456 1, 2033, shall alter the obligation to comply with the provisions of the  
457 sections and subsections set forth in subparagraphs (A) to (E), inclusive,  
458 of this subdivision, during the period for which the pledge and  
459 undertaking is applicable pursuant to subdivision (2) of this subsection,

460 provided nothing in this subsection shall preclude such alteration (i) if  
461 and when adequate provision shall be made by law for the protection of  
462 the holders of such bonds, or (ii) (I) if and when the Governor declares  
463 an emergency or the existence of extraordinary circumstances, in which  
464 the provisions of section 4-85 are invoked, (II) at least three-fifths of the  
465 members of each chamber of the General Assembly vote to alter such  
466 required compliance during the fiscal year for which the emergency or  
467 existence of extraordinary circumstances are determined, and (III) any  
468 such alteration is for the fiscal year in progress only.

469 (2) The Treasurer shall include this pledge and undertaking in  
470 general obligation bonds and credit revenue bonds issued on or after  
471 the effective date of this section and prior to July 1, 2033, and such  
472 pledge and undertaking (A) shall be applicable for a period of ten years  
473 from the date of first issuance of such bonds, and (B) shall not apply to  
474 refunding bonds issued for bonds issued under this subdivision.

475 Sec. 11. Subsection (p) of section 3-20j of the general statutes is  
476 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
477 *2023*):

478 (p) (1) Prior to July 1, [2023] 2025, net earnings of investments of  
479 proceeds of bonds issued pursuant to section 3-20, as amended by this  
480 act, or pursuant to this section and accrued interest on the issuance of  
481 such bonds and premiums on the issuance of such bonds shall be  
482 deposited to the credit of the General Fund, after (A) payment of any  
483 expenses incurred by the Treasurer or State Bond Commission in  
484 connection with such issuance, or (B) application to interest on bonds,  
485 notes or other obligations of the state.

486 (2) On and after July 1, [2023] 2025, notwithstanding subsection (f) of  
487 section 3-20, (A) net earnings of investments of proceeds of bonds issued  
488 pursuant to section 3-20, as amended by this act, or pursuant to this  
489 section and accrued interest on the issuance of such bonds shall be  
490 deposited to the credit of the General Fund, and (B) premiums, net of  
491 any original issue discount, on the issuance of such bonds shall, after



492 payment of any expenses incurred by the Treasurer or State Bond  
493 Commission in connection with such issuance, be deposited at the  
494 direction of the Treasurer to the credit of an account or fund to fund all  
495 or a portion of any purpose or project authorized by the State Bond  
496 Commission pursuant to any bond act up to the amount authorized by  
497 the State Bond Commission, provided the bonds for such purpose or  
498 project are unissued, and provided further the certificate of  
499 determination the Treasurer files with the secretary of the State Bond  
500 Commission for such authorized bonds sets forth the amount of the  
501 deposit applied to fund each such purpose and project. Upon such  
502 filing, the Treasurer shall record bonds in the amount of net premiums  
503 credited to each purpose and project as set forth in the certificate of  
504 determination of the Treasurer as deemed issued and retired and the  
505 Treasurer shall not thereafter exercise authority to issue bonds in such  
506 amount for such purpose or project. Upon such recording by the  
507 Treasurer, such bonds shall be deemed to have been issued, retired and  
508 no longer authorized for issuance or outstanding for the purposes of  
509 section 3-21, and for the purpose of aligning the funding of such  
510 authorized purpose and project with amounts generated by net  
511 premiums, but shall not constitute an actual bond issuance or bond  
512 retirement for any other purposes including, but not limited to, financial  
513 reporting purposes.

514 Sec. 12. Subsection (c) of section 4-28e of the general statutes is  
515 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
516 *2023*):

517 (c) Commencing with the fiscal year ending June 30, [2023] 2024,  
518 annual disbursements from the Tobacco Settlement Fund shall be made  
519 as follows: (1) To the Tobacco and Health Trust Fund in an amount equal  
520 to [twelve] six million dollars; and (2) the remainder to the General  
521 Fund.

522 Sec. 13. Subsection (a) of section 12-700 of the general statutes is  
523 repealed and the following is substituted in lieu thereof (*Effective January*  
524 *1, 2024*):

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

527 (1) At the rate of four and one-half per cent of such Connecticut  
528 taxable income for taxable years commencing on or after January 1,  
529 1992, and prior to January 1, 1996.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

586 Internal Revenue Code:

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

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

589 (6) For taxable years commencing on or after January 1, 2003, but  
 590 prior to January 1, 2009, in accordance with the following schedule:

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

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

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

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

597 (C) For any husband and wife who file a return under the federal  
 598 income tax for such taxable year as married individuals filing jointly or  
 599 any person who files a return under the federal income tax for such

600 taxable year as a surviving spouse, as defined in Section 2(a) of the  
 601 Internal Revenue Code:

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

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

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

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

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

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

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

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

T73	Connecticut Taxable Income	Rate of Tax
T74	Not over \$20,000	3.0%
T75	Over \$20,000 but not	\$600.00, plus 5.0% of the
T76	over \$1,000,000	excess over \$20,000
T77	Over \$1,000,000	\$49,600, plus 6.5% of the
T78		excess over \$1,000,000

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

T79	Connecticut Taxable Income	Rate of Tax
T80	Not over \$10,000	3.0%
T81	Over \$10,000 but not	\$300.00, plus 5.0% of the
T82	over \$500,000	excess over \$10,000
T83	Over \$500,000	\$24,800, plus 6.5% of the
T84		excess over \$500,000

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

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

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



T85	Connecticut Taxable Income	Rate of Tax
T86	Not over \$10,000	3.0%
T87	Over \$10,000 but not	\$300.00, plus 5.0% of the
T88	over \$50,000	excess over \$10,000
T89	Over \$50,000 but not	\$2,300, plus 5.5% of the
T90	over \$100,000	excess over \$50,000
T91	Over \$100,000 but not	\$5,050, plus 6.0% of the
T92	over \$200,000	excess over \$100,000
T93	Over \$200,000 but not	\$11,050, plus 6.5% of the
T94	over \$250,000	excess over \$200,000
T95	Over \$250,000	\$14,300, plus 6.70% of the
T96		excess over \$250,000

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

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

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

644 of the Internal Revenue Code:

T97	Connecticut Taxable Income	Rate of Tax
T98	Not over \$16,000	3.0%
T99	Over \$16,000 but not	\$480.00, plus 5.0% of the
T100	over \$80,000	excess over \$16,000
T101	Over \$80,000 but not	\$3,680, plus 5.5% of the
T102	over \$160,000	excess over \$80,000
T103	Over \$160,000 but not	\$8,080, plus 6.0% of the
T104	over \$320,000	excess over \$160,000
T105	Over \$320,000 but not	\$17,680, plus 6.5% of the
T106	over \$400,000	excess over \$320,000
T107	Over \$400,000	\$22,880, plus 6.70% of the
T108		excess over \$400,000

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

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

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

T109	Connecticut Taxable Income	Rate of Tax
T110	Not over \$20,000	3.0%
T111	Over \$20,000 but not	\$600.00, plus 5.0% of the
T112	over \$100,000	excess over \$20,000
T113	Over \$100,000 but not	\$4,600, plus 5.5% of the
T114	over \$200,000	excess over \$100,000
T115	Over \$200,000 but not	\$10,100, plus 6.0% of the
T116	over \$400,000	excess over \$200,000
T117	Over \$400,000 but not	\$22,100, plus 6.5% of the
T118	over \$500,000	excess over \$400,000
T119	Over \$500,000	\$28,600, plus 6.70% of the
T120		excess over \$500,000

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

678 (iii) Each taxpayer whose Connecticut adjusted gross income exceeds  
 679 four hundred thousand dollars shall pay, in addition to the tax  
 680 computed under the provisions of subparagraphs (C)(i) and (C)(ii) of  
 681 this subdivision, an amount equal to one hundred fifty dollars for each

682 ten thousand dollars, or fraction thereof, by which the taxpayer's  
 683 Connecticut adjusted gross income exceeds four hundred thousand  
 684 dollars, up to a maximum payment of four thousand five hundred  
 685 dollars.

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

T121	Connecticut Taxable Income	Rate of Tax
T122	Not over \$10,000	3.0%
T123	Over \$10,000 but not	\$300.00, plus 5.0% of the
T124	over \$50,000	excess over \$10,000
T125	Over \$50,000 but not	\$2,300, plus 5.5% of the
T126	over \$100,000	excess over \$50,000
T127	Over \$100,000 but not	\$5,050, plus 6.0% of the
T128	over \$200,000	excess over \$100,000
T129	Over \$200,000 but not	\$11,050, plus 6.5% of the
T130	over \$250,000	excess over \$200,000
T131	Over \$250,000	\$14,300, plus 6.70% of the
T132		excess over \$250,000

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

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

700 computed under the provisions of subparagraphs (D)(i) and (D)(ii) of  
 701 this subdivision, an amount equal to seventy-five dollars for each five  
 702 thousand dollars, or fraction thereof, by which the taxpayer's  
 703 Connecticut adjusted gross income exceeds two hundred thousand  
 704 dollars, up to a maximum payment of two thousand two hundred fifty  
 705 dollars.

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

708 (9) For taxable years commencing on or after January 1, 2015, but  
 709 prior to January 1, 2024, in accordance with the following schedule:

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

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

712 (ii) Notwithstanding the provisions of subparagraph (A)(i) of this  
 713 subdivision, for each taxpayer whose Connecticut adjusted gross  
 714 income exceeds fifty-six thousand five hundred dollars, the amount of  
 715 the taxpayer's Connecticut taxable income to which the three-per-cent

716 tax rate applies shall be reduced by one thousand dollars for each five  
 717 thousand dollars, or fraction thereof, by which the taxpayer's  
 718 Connecticut adjusted gross income exceeds said amount. Any such  
 719 amount of Connecticut taxable income to which, as provided in the  
 720 preceding sentence, the three-per-cent tax rate does not apply shall be  
 721 an amount to which the five-per-cent tax rate shall apply.

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

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

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

T147	Connecticut Taxable Income	Rate of Tax
T148	Not over \$16,000	3.0%
T149	Over \$16,000 but not	\$480.00, plus 5.0% of the
T150	over \$80,000	excess over \$16,000
T151	Over \$80,000 but not	\$3,680, plus 5.5% of the
T152	over \$160,000	excess over \$80,000
T153	Over \$160,000 but not	\$8,080, plus 6.0% of the
T154	over \$320,000	excess over \$160,000

T155	Over \$320,000 but not	\$17,680, plus 6.5% of the
T156	over \$400,000	excess over \$320,000
T157	Over \$400,000 but not	\$22,880, plus 6.9% of the
T158	over \$800,000	excess over \$400,000
T159	Over \$800,000	\$50,480, plus 6.99% of the
T160		excess over \$800,000

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

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

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

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

T161	Connecticut Taxable Income	Rate of Tax
T162	Not over \$20,000	3.0%
T163	Over \$20,000 but not	\$600.00, plus 5.0% of the
T164	over \$100,000	excess over \$20,000
T165	Over \$100,000 but not	\$4,600, plus 5.5% of the
T166	over \$200,000	excess over \$100,000
T167	Over \$200,000 but not	\$10,100, plus 6.0% of the
T168	over \$400,000	excess over \$200,000
T169	Over \$400,000 but not	\$22,100, plus 6.5% of the
T170	over \$500,000	excess over \$400,000
T171	Over \$500,000 but not	\$28,600, plus 6.9% of the
T172	over \$1,000,000	excess over \$500,000
T173	Over \$1,000,000	\$63,100, plus 6.99% of the
T174		excess over \$1,000,000

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

780 (iii) Each taxpayer whose Connecticut adjusted gross income exceeds  
 781 four hundred thousand dollars shall pay, in addition to the tax



782 computed under the provisions of subparagraphs (C)(i) and (C)(ii) of  
 783 this subdivision, an amount equal to one hundred eighty dollars for  
 784 each ten thousand dollars, or fraction thereof, by which the taxpayer's  
 785 Connecticut adjusted gross income exceeds four hundred thousand  
 786 dollars, up to a maximum payment of five thousand four hundred  
 787 dollars.

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

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

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

797 (ii) Notwithstanding the provisions of subparagraph (D)(i) of this

798 subdivision, for each taxpayer whose Connecticut adjusted gross  
 799 income exceeds fifty thousand two hundred fifty dollars, the amount of  
 800 the taxpayer's Connecticut taxable income to which the three-per-cent  
 801 tax rate applies shall be reduced by one thousand dollars for each two  
 802 thousand five hundred dollars, or fraction thereof, by which the  
 803 taxpayer's Connecticut adjusted gross income exceeds said amount.  
 804 Any such amount of Connecticut taxable income to which, as provided  
 805 in the preceding sentence, the three-per-cent tax rate does not apply  
 806 shall be an amount to which the five-per-cent tax rate shall apply.

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

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

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

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

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

T189	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
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T190	<u>Not over \$10,000</u>	<u>2.0%</u>
T191	<u>Over \$10,000 but not</u>	<u>\$200.00, plus 4.5% of the</u>
T192	<u>over \$50,000</u>	<u>excess over \$10,000</u>
T193	<u>Over \$50,000 but not</u>	<u>\$2,000, plus 5.5% of the</u>
T194	<u>over \$100,000</u>	<u>excess over \$50,000</u>
T195	<u>Over \$100,000 but not</u>	<u>\$4,750, plus 6.0% of the</u>
T196	<u>over \$200,000</u>	<u>excess over \$100,000</u>
T197	<u>Over \$200,000 but not</u>	<u>\$10,750, plus 6.5% of the</u>
T198	<u>over \$250,000</u>	<u>excess over \$200,000</u>
T199	<u>Over \$250,000 but not</u>	<u>\$14,000, plus 6.9% of the</u>
T200	<u>over \$500,000</u>	<u>excess over \$250,000</u>
T201	<u>Over \$500,000</u>	<u>\$31,250, plus 6.99% of the</u>
T202		<u>excess over \$500,000</u>

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

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

846        (iv) Each taxpayer whose Connecticut adjusted gross income exceeds

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

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

T203	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T204	<u>Not over \$16,000</u>	<u>2.0%</u>
T205	<u>Over \$16,000 but not</u>	<u>\$320.00, plus 4.5% of the</u>
T206	<u>over \$80,000</u>	<u>excess over \$16,000</u>
T207	<u>Over \$80,000 but not</u>	<u>\$3,200, plus 5.5% of the</u>
T208	<u>over \$160,000</u>	<u>excess over \$80,000</u>
T209	<u>Over \$160,000 but not</u>	<u>\$7,600, plus 6.0% of the</u>
T210	<u>over \$320,000</u>	<u>excess over \$160,000</u>
T211	<u>Over \$320,000 but not</u>	<u>\$17,200, plus 6.5% of the</u>
T212	<u>over \$400,000</u>	<u>excess over \$320,000</u>
T213	<u>Over \$400,000 but not</u>	<u>\$22,400, plus 6.9% of the</u>
T214	<u>over \$800,000</u>	<u>excess over \$400,000</u>
T215	<u>Over \$800,000</u>	<u>\$50,000, plus 6.99% of the</u>
T216		<u>excess over \$800,000</u>

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

865 be an amount to which the four-and-one-half-per-cent tax rate shall  
 866 apply.

867 (iii) Each taxpayer whose Connecticut adjusted gross income exceeds  
 868 three hundred twenty thousand dollars shall pay, in addition to the tax  
 869 computed under the provisions of subparagraphs (B)(i) and (B)(ii) of  
 870 this subdivision, an amount equal to one hundred fifty-seven dollars for  
 871 each eight thousand dollars, or fraction thereof, by which the taxpayer's  
 872 Connecticut adjusted gross income exceeds three hundred twenty  
 873 thousand dollars, up to a maximum payment of four thousand seven  
 874 hundred ten dollars.

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

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

T217	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T218	<u>Not over \$20,000</u>	<u>2.0%</u>
T219	<u>Over \$20,000 but not</u>	<u>\$400.00, plus 4.5% of the</u>
T220	<u>over \$100,000</u>	<u>excess over \$20,000</u>
T221	<u>Over \$100,000 but not</u>	<u>\$4,000, plus 5.5% of the</u>
T222	<u>over \$200,000</u>	<u>excess over \$100,000</u>
T223	<u>Over \$200,000 but not</u>	<u>\$9,500, plus 6.0% of the</u>
T224	<u>over \$400,000</u>	<u>excess over \$200,000</u>
T225	<u>Over \$400,000 but not</u>	<u>\$21,500, plus 6.5% of the</u>

T226	<u>over \$500,000</u>	<u>excess over \$400,000</u>
T227	<u>Over \$500,000 but not</u>	<u>\$28,000, plus 6.9% of the</u>
T228	<u>over \$1,000,000</u>	<u>excess over \$500,000</u>
T229	<u>Over \$1,000,000</u>	<u>\$62,500, plus 6.99% of the</u>
T230		<u>excess over \$1,000,000</u>

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

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

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

912        (D) (i) For any person who files a return under the federal income tax

913 for such taxable year as a married individual filing separately:

T231	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T232	<u>Not over \$10,000</u>	<u>2.0%</u>
T233	<u>Over \$10,000 but not</u>	<u>\$200.00, plus 4.5% of the</u>
T234	<u>over \$50,000</u>	<u>excess over \$10,000</u>
T235	<u>Over \$50,000 but not</u>	<u>\$2,000, plus 5.5% of the</u>
T236	<u>over \$100,000</u>	<u>excess over \$50,000</u>
T237	<u>Over \$100,000 but not</u>	<u>\$4,750, plus 6.0% of the</u>
T238	<u>over \$200,000</u>	<u>excess over \$100,000</u>
T239	<u>Over \$200,000 but not</u>	<u>\$10,750, plus 6.5% of the</u>
T240	<u>over \$250,000</u>	<u>excess over \$200,000</u>
T241	<u>Over \$250,000 but not</u>	<u>\$14,000, plus 6.9% of the</u>
T242	<u>over \$500,000</u>	<u>excess over \$250,000</u>
T243	<u>Over \$500,000</u>	<u>\$31,250, plus 6.99% of the</u>
T244		<u>excess over \$500,000</u>

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

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

930 Connecticut adjusted gross income exceeds two hundred thousand  
931 dollars, up to a maximum payment of two thousand nine hundred forty  
932 dollars.

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

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

942 [(10)] (11) The provisions of this subsection shall apply to resident  
943 trusts and estates and, wherever reference is made in this subsection to  
944 residents of this state, such reference shall be construed to include  
945 resident trusts and estates, provided any reference to a resident's  
946 Connecticut adjusted gross income derived from sources without this  
947 state or to a resident's Connecticut adjusted gross income shall be  
948 construed, in the case of a resident trust or estate, to mean the resident  
949 trust or estate's Connecticut taxable income derived from sources  
950 without this state and the resident trust or estate's Connecticut taxable  
951 income, respectively.

952 Sec. 14. Section 12-699 of the general statutes is repealed and the  
953 following is substituted in lieu thereof (*Effective January 1, 2024, and*  
954 *applicable to taxable years commencing on or after January 1, 2024*):

955 (a) As used in this chapter:

956 (1) "Partnership" has the same meaning as provided in Section  
957 7701(a)(2) of the Internal Revenue Code, as defined in section 12-213,  
958 and regulations adopted thereunder. "Partnership" includes a limited  
959 liability company that is treated as a partnership for federal income tax  
960 purposes;



961 (2) "S corporation" means a corporation or a limited liability company  
962 that is treated as an S corporation for federal income tax purposes;

963 (3) "Affected business entity" means a partnership or an S  
964 corporation, but does not include a publicly-traded partnership, as  
965 defined in Section 7704(b) of the Internal Revenue Code, that has agreed  
966 to file an annual return pursuant to section 12-726 reporting the name,  
967 address, Social Security number or federal employer identification  
968 number and such other information required by the Commissioner of  
969 Revenue Services of each unitholder whose distributive share of  
970 partnership income derived from or connected with sources within this  
971 state was more than five hundred dollars;

972 (4) "Member" means (A) a shareholder of an S corporation, (B) a  
973 partner in (i) a general partnership, (ii) a limited partnership, or (iii) a  
974 limited liability partnership, or (C) a member of a limited liability  
975 company that is treated as a partnership or an S corporation for federal  
976 income tax purposes; [and]

977 (5) "Taxable year" means the taxable year of an affected business  
978 entity for federal income tax purposes;

979 (6) "Resident of this state" has the same meaning as provided in  
980 section 12-701;

981 (7) "Resident portion of unsourced income" means unsourced income  
982 multiplied by a percentage equal to the sum of the ownership interests  
983 in the affected business entity owned by members who are residents of  
984 this state;

985 (8) "Unsourced income" means the separately and nonseparately  
986 computed items, as described in Section 702(a) of the Internal Revenue  
987 Code with respect to a partnership or Section 1366 of the Internal  
988 Revenue Code with respect to an S corporation, of the affected business  
989 entity, excluding any item treated as an itemized deduction for federal  
990 income tax purposes, plus any item described in Section 707(c) of the  
991 Internal Revenue Code with respect to a partnership, regardless of the

992 location from which such item is derived or connected, as increased or  
993 decreased by any modification described in section 12-701, that relates  
994 to an item of the affected business entity's income, gain, loss or  
995 deduction, regardless of the location from which such item is derived or  
996 connected, less (A) Connecticut source income, and (B) (i) the separately  
997 and nonseparately computed items, as described in Section 702(a) of the  
998 Internal Revenue Code, of the affected business entity, excluding any  
999 item treated as an itemized deduction for federal income tax purposes,  
1000 plus any item described in Section 707(c) of the Internal Revenue Code  
1001 with respect to a partnership, to the extent any such items under this  
1002 clause are derived from or connected with sources within another state  
1003 that has jurisdiction to tax the affected business entity and actually  
1004 imposes tax on the affected business entity or its members who are  
1005 residents of this state, with respect to such items, (ii) as increased or  
1006 decreased by any modification described in section 12-701, that relates  
1007 to an item of the affected business entity's income, gain, loss or  
1008 deduction, to the extent derived from or connected with sources within  
1009 another state that has jurisdiction to tax the affected business entity and  
1010 actually imposes tax on the affected business entity or its members who  
1011 are residents of this state, with respect to such items;

1012 (9) "Modified Connecticut source income" means Connecticut source  
1013 income multiplied by a percentage equal to the sum of the ownership  
1014 interests in the affected business entity owned by members that are (A)  
1015 subject to tax under chapter 229, or (B) affected business entities to the  
1016 extent such entities are directly or indirectly owned by persons subject  
1017 to tax under chapter 229. A member that is an affected business entity  
1018 shall be presumed to be directly or indirectly owned by persons subject  
1019 to tax under chapter 229 unless the affected business entity that has  
1020 elected to pay the tax under this section can establish otherwise by clear  
1021 and convincing evidence to the satisfaction of the commissioner; and

1022 (10) "Connecticut source income" means (A) the separately and  
1023 nonseparately computed items, as described in Section 702(a) of the  
1024 Internal Revenue Code with respect to a partnership or Section 1366 of  
1025 the Internal Revenue Code with respect to an S corporation, of the

1026 affected business entity, excluding any item treated as an itemized  
1027 deduction for federal income tax purposes, plus any item described in  
1028 Section 707(c) of the Internal Revenue Code with respect to a  
1029 partnership, to the extent any such items under this subparagraph are  
1030 derived from or connected with sources within this state, as determined  
1031 under the provisions of chapter 229, (B) as increased or decreased by  
1032 any modification described in section 12-701 that relates to an item of  
1033 the affected business entity's income, gain, loss or deduction, to the  
1034 extent derived from or connected with sources within this state, as  
1035 determined under the provisions of chapter 229.

1036 (b) [Each] For taxable years commencing on or after January 1, 2024,  
1037 an affected business entity that is required to file a return under the  
1038 provisions of section 12-726 may elect to pay to the commissioner a tax  
1039 as determined under this section. Any affected business entity making  
1040 such election shall submit written notice of such election to the  
1041 commissioner (1) not later than the due date or, if an extension of time  
1042 to file has been requested and granted, the extended due date, of the  
1043 return due from such entity, and (2) for each taxable year such entity  
1044 makes the election under this subsection. Each affected business entity  
1045 that has made the election under this subsection shall pay to the  
1046 commissioner, on or before the fifteenth day of the third month  
1047 following the close of each taxable year [ , pay to the commissioner] that  
1048 such entity makes such election, a tax as determined under this section.

1049 (c) The tax due under subsection (b) of this section shall be equal to  
1050 [(1) (A) the separately and nonseparately computed items, as described  
1051 in Section 702(a) of the Internal Revenue Code with respect to a  
1052 partnership or Section 1366 of the Internal Revenue Code with respect  
1053 to an S corporation, of the affected business entity, excluding any item  
1054 treated as an itemized deduction for federal income tax purposes, plus  
1055 any item described in Section 707(c) of the Internal Revenue Code with  
1056 respect to a partnership, to the extent any such items under this  
1057 subparagraph are derived from or connected with sources within this  
1058 state, as determined under the provisions of chapter 229, (B) as  
1059 increased or decreased by any modification described in section 12-701

1060 that relates to an item of the affected business entity's income, gain, loss  
1061 or deduction, to the extent derived from or connected with sources  
1062 within this state, as determined under the provisions of chapter 229, (2)  
1063 multiplied by six and ninety-nine-hundredths per cent. If the amount  
1064 calculated under subdivision (1) of this subsection results in a net loss,  
1065 such net loss may be carried forward to succeeding taxable years until  
1066 fully used] six and ninety-nine-hundredths per cent multiplied by the  
1067 tax base. The tax base shall be equal to the resident portion of un sourced  
1068 income plus modified Connecticut source income.

1069 (d) If an affected business entity, the lower-tier entity, is a member of  
1070 another affected business entity, the upper-tier entity, the lower-tier  
1071 entity shall, when calculating [the amount under subdivision (1) of  
1072 subsection (c) of this section] its Connecticut source income, subtract its  
1073 distributive share of income or add its distributive share of loss from the  
1074 upper-tier entity to the extent that the income or loss was derived from  
1075 or connected with sources within this state.

1076 [(e) A nonresident individual who is a member of an affected  
1077 business entity shall not be required to file an income tax return under  
1078 the provisions of chapter 229 for a taxable year if, for such taxable year,  
1079 the only source of income derived from or connected with sources  
1080 within this state for such member, or the member and the member's  
1081 spouse if a joint federal income tax return is or shall be filed, is from one  
1082 or more affected business entities and such nonresident individual  
1083 member's tax under chapter 229 would be fully satisfied by the credit  
1084 allowed to such individual under subparagraph (A) of subdivision (1)  
1085 of subsection (g) of this section.]

1086 [(f)] (e) Each affected business entity shall report to each of its  
1087 members, for each taxable year, such member's direct share of the tax  
1088 imposed under this section on such affected business entity and indirect  
1089 share of the tax imposed on any upper-tier entity of which such affected  
1090 business entity is a member.

1091 [(g) (1) (A)] (f) (1) Each person that is subject to the tax imposed under

1092 chapter 229 and is a member of an affected business entity shall be  
1093 entitled to a credit against the tax imposed under said chapter, other  
1094 than the tax imposed under section 12-707. Such credit shall be in an  
1095 amount equal to such person's direct and indirect share of the tax due  
1096 and paid under this section by any affected business entity of which  
1097 such person is a member multiplied by [eighty-seven and one-half]  
1098 ninety-three and one-hundredths per cent. If the amount of the credit  
1099 allowed pursuant to this subdivision exceeds such person's tax liability  
1100 for the tax imposed under said chapter, the commissioner shall treat  
1101 such excess as an overpayment and, except as provided in section 12-  
1102 739 or 12-742, shall refund the amount of such excess, without interest,  
1103 to such person.

1104 [(B)] (2) Each person that is subject to the tax imposed under chapter  
1105 229 as a resident or a part-year resident of this state and is a member of  
1106 an affected business entity shall also be entitled to a credit against the  
1107 tax imposed under said chapter, other than the tax imposed under  
1108 section 12-707, for such person's direct and indirect share of taxes paid  
1109 to another state of the United States or the District of Columbia, on  
1110 income of any affected business entity of which such person is a member  
1111 that is derived therefrom, provided the taxes paid to another state of the  
1112 United States or the District of Columbia results from a tax that [the  
1113 commissioner determines] is substantially similar to the tax imposed  
1114 under this section. Any such credit shall be calculated in [the] a manner  
1115 [prescribed by the commissioner, which shall be] consistent with the  
1116 provisions of section 12-704.

1117 [(2) Each company that is subject to the tax imposed under chapter  
1118 208 and is a member of an affected business entity shall be entitled to a  
1119 credit against the tax imposed under said chapter. Such credit shall be  
1120 in an amount equal to such company's direct and indirect share of the  
1121 tax paid under this section by any affected business entity of which such  
1122 company is a member multiplied by eighty-seven and one-half per cent.  
1123 Such credit shall be applied after all other credits are applied and shall  
1124 not be subject to the limits imposed under section 12-217zz. Any credit  
1125 that is not used in the income year during which the affected business

1126 entity incurs the tax under this section shall be carried forward to each  
1127 of the succeeding income years by the company until such credit is fully  
1128 taken against the tax under chapter 208.]

1129        [(h)] (g) Upon the failure of any affected business entity to pay the tax  
1130 due under this section within thirty days of the due date, the provisions  
1131 of section 12-35 shall apply with respect to the enforcement of this  
1132 section and the collection of such tax. The warrant therein provided for  
1133 shall be signed by the commissioner or an authorized agent of the  
1134 commissioner. The amount of any such tax, penalty and interest shall be  
1135 a lien, from the last day of the last month of the taxable year next  
1136 preceding the due date of such tax until discharged by payment, against  
1137 all real estate of the taxpayer within the state, and a certificate of such  
1138 lien signed by the commissioner may be recorded in the office of the  
1139 clerk of any town in which such real estate is situated, provided no such  
1140 lien shall be effective as against any bona fide purchaser or qualified  
1141 encumbrancer of any interest in any such property. When any tax with  
1142 respect to which a lien has been recorded under the provisions of this  
1143 section has been satisfied, the commissioner, upon request of any  
1144 interested party, shall issue a certificate discharging such lien, which  
1145 certificate shall be recorded in the same office in which the lien was  
1146 recorded. Any action for the foreclosure of such lien shall be brought by  
1147 the Attorney General in the name of the state in the superior court for  
1148 the judicial district in which the property subject to such lien is situated,  
1149 or, if such property is located in two or more judicial districts, in the  
1150 superior court for any one such judicial district, and the court may limit  
1151 the time for redemption or order the sale of such property or make such  
1152 other or further decree as it judges equitable.

1153        [(i)] (h) If any tax is not paid when due as provided in this section,  
1154 there shall be added to the amount of the tax interest at the rate of one  
1155 per cent per month or fraction thereof from the date the tax became due  
1156 until it is paid.

1157        [(j)] (1) Any affected business entity subject to tax under this section  
1158 may elect to file a combined return together with one or more other

1159 commonly-owned affected business entities subject to tax under this  
1160 section. Each affected business entity making such election shall submit  
1161 written notice of such election to file a combined return, including the  
1162 written consent of the other commonly-owned affected business entities  
1163 to such election, to the commissioner not later than the due date, or if an  
1164 extension of time to file has been requested and granted, the extended  
1165 due date, of the returns due from such entities. An affected business  
1166 entity shall submit such written notice and consent for each taxable year  
1167 such entity makes the election under this subdivision. Each affected  
1168 business entity electing to file a combined return under this subdivision  
1169 shall be jointly and severally liable for the tax due under this section. For  
1170 the purposes of this subdivision, "commonly-owned" means that more  
1171 than eighty per cent of the voting control of an affected business entity  
1172 is directly or indirectly owned by a common owner or owners, either  
1173 corporate or noncorporate. Whether voting control is indirectly owned  
1174 shall be determined in accordance with Section 318 of the Internal  
1175 Revenue Code.

1176 (2) Except as provided in subdivision (5) of this subsection, affected  
1177 business entities that elect to file a combined return under subdivision  
1178 (1) of this subsection shall net the amounts each such entity calculates  
1179 under subdivision (1) of subsection (c) of this section after such amounts  
1180 are separately apportioned or allocated by each affected business entity  
1181 in accordance with this section.

1182 (3) Affected business entities that elect to file a combined return  
1183 under subdivision (1) of this subsection shall report to the commissioner  
1184 the portion of the direct and indirect share of the tax paid with the  
1185 combined return that is allocated to each of their members. Such report  
1186 shall be filed with the combined return and the allocation reported shall  
1187 be irrevocable.

1188 (4) The election made under this subsection shall not affect the  
1189 calculation of tax due under any other provision of the general statutes  
1190 other than with respect to the calculation of the credits under subsection  
1191 (g) of this section.

1192 (5) Affected business entities that elect to file a combined return  
1193 under subdivision (1) of this subsection shall calculate their tax due in  
1194 accordance with subsection (c) of this section unless each such entity  
1195 elects under subsection (k) of this section to calculate its tax due on the  
1196 alternative basis under subsection (l) of this section. If such election is  
1197 made, the affected business entities shall net their alternative tax bases  
1198 instead of netting the amounts under subdivision (2) of this subsection.

1199 (k) In lieu of calculating the tax due in accordance with subsection (c)  
1200 of this section, any affected business entity may elect to calculate the tax  
1201 due on the alternative basis under subsection (l) of this section. An  
1202 affected business entity making such election shall submit to the  
1203 commissioner written notice of such election not later than the due date,  
1204 or if an extension of time to file has been requested and granted, the  
1205 extended due date, of the return due from such entity. An affected  
1206 business entity shall submit such written notice for each taxable year  
1207 such entity makes the election under this subsection. The election made  
1208 under this subsection shall not affect the calculation of tax due under  
1209 any other provision of the general statutes other than with respect to the  
1210 calculation of the credits under subsection (g) of this section.

1211 (l) (1) The tax due from an affected business entity making the  
1212 election under subsection (k) of this section shall be equal to six and  
1213 ninety-nine-hundredths per cent multiplied by the alternative tax base.  
1214 The alternative tax base shall be equal to the resident portion of  
1215 unsourced income plus modified Connecticut source income.

1216 (2) For the purposes of this subsection:

1217 (A) "Resident portion of unsourced income" means unsourced  
1218 income multiplied by a percentage equal to the sum of the ownership  
1219 interests in the affected business entity owned by members who are  
1220 residents of this state, as defined in section 12-701;

1221 (B) "Unsourced income" means the separately and nonseparately  
1222 computed items, as described in Section 702(a) of the Internal Revenue  
1223 Code with respect to a partnership or Section 1366 of the Internal



1224 Revenue Code with respect to an S corporation, of the affected business  
1225 entity, excluding any item treated as an itemized deduction for federal  
1226 income tax purposes, plus any item described in Section 707(c) of the  
1227 Internal Revenue Code with respect to a partnership, regardless of the  
1228 location from which such item is derived or connected, as increased or  
1229 decreased by any modification described in section 12-701, that relates  
1230 to an item of the affected business entity's income, gain, loss or  
1231 deduction, regardless of the location from which such item is derived or  
1232 connected, less (i) the amount determined under subdivision (1) of  
1233 subsection (c) of this section, determined without regard to subsection  
1234 (d) of this section, and (ii) (I) the separately and nonseparately  
1235 computed items, as described in Section 702(a) of the Internal Revenue  
1236 Code, of the affected business entity, excluding any item treated as an  
1237 itemized deduction for federal income tax purposes, plus any item  
1238 described in Section 707(c) of the Internal Revenue Code with respect to  
1239 a partnership, to the extent any such items under this subclause are  
1240 derived from or connected with sources within another state that has  
1241 jurisdiction to subject the affected business entity to tax, as determined  
1242 under the provisions of chapter 229, (II) as increased or decreased by  
1243 any modification described in section 12-701, that relates to an item of  
1244 the affected business entity's income, gain or deduction, to the extent  
1245 derived from or connected with sources within another state that has  
1246 jurisdiction to subject the affected business entity to tax, as determined  
1247 under the provisions of chapter 229; and

1248 (C) "Modified Connecticut source income" means the amount  
1249 calculated under subdivision (1) of subsection (c) of this section  
1250 multiplied by a percentage equal to the sum of the ownership interests  
1251 in the affected business entity owned by members that are (i) subject to  
1252 tax under chapter 229, or (ii) affected business entities to the extent such  
1253 entities are directly or indirectly owned by persons subject to tax under  
1254 chapter 229. A member that is an affected business entity shall be  
1255 presumed to be directly or indirectly owned by persons subject to tax  
1256 under chapter 229 unless the affected business entity subject to tax  
1257 under this section can establish otherwise by clear and convincing

1258 evidence to the satisfaction of the commissioner.]

1259 [(m)] (i) The provisions of sections 12-723, 12-725 and 12-728 to 12-  
1260 737, inclusive, shall apply to the provisions of this section in the same  
1261 manner and with the same force and effect as if the language of said  
1262 sections had been incorporated in full into this section and had expressly  
1263 referred to the tax under this section, except to the extent that any such  
1264 provision is inconsistent with a provision of this section.

1265 Sec. 15. Section 12-699a of the general statutes is repealed and the  
1266 following is substituted in lieu thereof (*Effective January 1, 2024, and*  
1267 *applicable to taxable years commencing on or after January 1, 2024*):

1268 (a) As used in this section, "required annual payment" means the  
1269 lesser of (1) ninety per cent of the tax under section 12-699, as amended  
1270 by this act, that is reported on the return filed for the taxable year or, if  
1271 no return is filed, ninety per cent of the tax due under section 12-699, as  
1272 amended by this act, or (2) if the preceding taxable year was a taxable  
1273 year of twelve months and the affected business entity filed a return for  
1274 such taxable year, one hundred per cent of the tax under section 12-699,  
1275 as amended by this act, that is reported on such return.

1276 (b) (1) Each affected business entity required to pay or, with respect  
1277 to taxable years commencing on or after January 1, 2024, elects to pay,  
1278 the tax imposed under section 12-699, as amended by this act, and  
1279 whose required annual payment for the taxable year is greater than or  
1280 equal to one thousand dollars shall make the required annual payment  
1281 each taxable year, in four required estimated tax installments on the  
1282 following due dates: (A) For the first required installment, the fifteenth  
1283 day of the fourth month of the taxable year; (B) for the second required  
1284 installment, the fifteenth day of the sixth month of the taxable year; (C)  
1285 for the third required installment, the fifteenth day of the ninth month  
1286 of the taxable year; and (D) for the fourth required installment, the  
1287 fifteenth day of the first month of the next succeeding taxable year. An  
1288 affected business entity may elect to pay any required installment prior  
1289 to the specified due date. Except as provided in subdivision (2) of this

1290 subsection, the amount of each required installment shall be twenty-five  
1291 per cent of the required annual payment.

1292 (2) (A) For any required installment, if the affected business entity  
1293 establishes that its annualized income installment calculated pursuant  
1294 to subparagraph (B) of this subdivision is less than the amount  
1295 determined under subsection (a) of this section, the amount of such  
1296 required installment shall be the annualized income installment. Any  
1297 reduction in a required installment resulting pursuant to this  
1298 subdivision shall be recaptured by increasing the amount of the next  
1299 required installment by the amount of such reduction and by increasing  
1300 subsequent required installments to the extent such reduction has not  
1301 previously been recaptured under this subdivision.

1302 (B) The annualized income installment is the amount by which (i) the  
1303 amount equal to the applicable percentage, as set forth in subparagraph  
1304 (C) of this subdivision, multiplied by the tax imposed under section 12-  
1305 699, as amended by this act, for the taxable year that would be due if  
1306 income subject to tax under said section for the months in the taxable  
1307 year ending before the due date of the installment was annualized, (ii)  
1308 exceeds the aggregate amount of any prior required installments for the  
1309 taxable year.

1310 (C) For the purposes of subparagraph (B) of this subdivision, the  
1311 applicable percentages shall be as follows: (i) For the first required  
1312 installment, twenty-two and one-half per cent; (ii) for the second  
1313 required installment, forty-five per cent; (iii) for the third required  
1314 installment, sixty-seven and one-half per cent; and (iv) for the fourth  
1315 required installment, ninety per cent.

1316 (c) (1) Except as otherwise provided in this section, in the case of any  
1317 underpayment of estimated tax by an affected business entity, there  
1318 shall be added to the tax imposed under section 12-699, as amended by  
1319 this act, an amount determined by applying interest (A) at the rate of  
1320 one per cent per month or fraction thereof, (B) to the amount of the  
1321 underpayment, (C) for the period of the underpayment.

1322 (2) For the purposes of subdivision (1) of this subsection, (A) the  
1323 amount of the underpayment is the amount by which the required  
1324 installment exceeds the amount, if any, of the installment paid on or  
1325 before the due date of the installment, and (B) the period of the  
1326 underpayment runs from the due date of the installment to whichever  
1327 date is earlier: (i) The fifteenth day of the third month of the next  
1328 succeeding taxable year, or (ii) with respect to any portion of the  
1329 underpayment, the date on which such portion is paid. Any payment of  
1330 estimated tax under this section shall be credited against unpaid or  
1331 underpaid required installments in the order in which such installments  
1332 are required to be paid.

1333 (d) Payment of the estimated tax under this section or any required  
1334 installment thereof shall be considered payment on account of the tax  
1335 imposed under section 12-699, as amended by this act, for the taxable  
1336 year. If an affected business entity makes payment of estimated tax  
1337 pursuant to this section against the tax due under this chapter for a  
1338 taxable year and (1) does not make the election under subsection (b) of  
1339 section 12-699, as amended by this act, or (2) such payments exceed the  
1340 amount due under said subsection for such taxable year, such payments  
1341 shall be deemed to be made against the tax liability of the affected  
1342 business entity under section 12-719, as amended by this act.

1343 (e) For taxable years of less than twelve months, the provisions of this  
1344 section shall apply in a manner consistent with the regulations adopted  
1345 under chapter 229 pertaining to such taxable years.

1346 Sec. 16. Section 12-719 of the general statutes is repealed and the  
1347 following is substituted in lieu thereof (*Effective January 1, 2024, and*  
1348 *applicable to taxable years commencing on or after January 1, 2024*):

1349 (a) The income tax return required under this chapter shall be filed  
1350 on or before the fifteenth day of the [~~fourth~~] third month following the  
1351 close of the taxpayer's taxable year. A person required to make and file  
1352 a return shall, without assessment, notice or demand, pay any tax due  
1353 thereon to the Commissioner of Revenue Services on or before the date

1354 fixed for filing such return, determined without regard to any extension  
1355 of time for filing the return.

1356 (b) (1) (A) The provisions of this subsection shall not apply to taxable  
1357 years commencing on or after January 1, 2018, and prior to January 1,  
1358 2024.

1359 (B) With respect to each of its nonresident partners, each partnership  
1360 doing business in this state or having income derived from or connected  
1361 with sources within this state shall, for each taxable year, make payment  
1362 to the commissioner as provided in subdivision (2) of this subsection.

1363 (C) For taxable years commencing on or after January 1, 2024, the  
1364 payment due with respect to each nonresident partner under this  
1365 subsection shall be reduced by such partner's direct and indirect credit  
1366 properly reported by the partnership under subdivision (1) of  
1367 subsection (f) of section 12-699, as amended by this act. In no event shall  
1368 the payment with respect to any nonresident partner be less than zero.

1369 (2) (A) Any payment under this subdivision shall be in an amount  
1370 equal to the highest marginal tax rate in effect under section 12-700, as  
1371 amended by this act, for the taxable year multiplied by the subject  
1372 partner's distributive share of (i) such partnership's separately and  
1373 nonseparately computed items, as described in Section 702(a) of the  
1374 Internal Revenue Code, to the extent derived from or connected with  
1375 sources within this state, as determined under this chapter, and (ii) any  
1376 modification described in section 12-701 which relates to an item of such  
1377 partnership's income, gain, loss or deduction, to the extent derived from  
1378 or connected with sources within this state, as determined under this  
1379 chapter. Any amount paid by a partnership to this state with respect to  
1380 any taxable year pursuant to this subdivision shall be considered to be  
1381 a payment by the partner on account of the income tax imposed on the  
1382 partner for such taxable year pursuant to this chapter. A partnership  
1383 shall not be liable to, and shall be entitled to recover a payment made  
1384 pursuant to this subdivision from, the partner on whose behalf the  
1385 payment was made. Any payment for a taxable year shall be made on

1386 or before the date the annual return for such taxable year is required to  
1387 be filed pursuant to section 12-726. The partnership shall furnish, on a  
1388 form prescribed by the commissioner, to each partner on whose behalf  
1389 payment was made under this subdivision no later than the fifteenth  
1390 day of the [fourth] third month following the close of the partnership's  
1391 taxable year a record of the amount of the tax paid on behalf of such  
1392 partner by the partnership with respect to the taxable year.

1393 (B) (i) If income from one or more pass-through entities, as defined in  
1394 subparagraph (D) of this subdivision, is the only source of income  
1395 derived from or connected with Connecticut sources of a partner, or the  
1396 partner and his or her spouse if a joint federal income tax return is or  
1397 shall be made, the filing by the partnership of an annual return pursuant  
1398 to section 12-726 and the payment by the partnership on behalf of the  
1399 partner of the tax prescribed under subparagraph (A) of this subdivision  
1400 shall satisfy the filing and payment requirements otherwise separately  
1401 imposed on the partner by this chapter. The commissioner may make  
1402 any deficiency assessment against, at the commissioner's sole discretion,  
1403 either the partnership or the partner, provided any such assessment  
1404 against the partner shall be limited to the partner's share thereof. Except  
1405 as otherwise provided in section 12-733, as amended by this act, any  
1406 such assessment shall be made not later than three years after the  
1407 partnership's annual return pursuant to section 12-726 is filed. The  
1408 commissioner may refund or credit any overpayment to either the  
1409 partnership or the partner, in the commissioner's sole discretion. Except  
1410 as otherwise provided in section 12-732, any such overpayment shall be  
1411 refunded or credited not later than three years from the due date of the  
1412 partnership's annual return pursuant to section 12-726 or, if the time for  
1413 filing such return was extended, not later than three years from the date  
1414 on which such return is filed or the extended due date of such return,  
1415 whichever is earlier.

1416 (ii) If income from one or more pass-through entities, as defined in  
1417 subparagraph (D) of this subdivision, is not the only source of income  
1418 derived from or connected with Connecticut sources of a partner, or the  
1419 partner and his or her spouse if a joint federal income tax return is or

1420 shall be made, nothing in this subdivision shall be construed as excusing  
1421 the partner from the obligation to file his or her own separate tax return  
1422 under this chapter. In such event, the partner shall receive credit for the  
1423 income tax paid under this subdivision by the partnership on his or her  
1424 behalf. The commissioner may make any deficiency assessment that is  
1425 related to the partner's share of partnership items against either, in the  
1426 commissioner's sole discretion, the partnership or the partner. If the  
1427 commissioner chooses to make any deficiency assessment against the  
1428 partnership, then, except as otherwise provided in section 12-733, as  
1429 amended by this act, any such assessment shall be made not later than  
1430 three years after the partnership's annual return pursuant to section 12-  
1431 726 is filed. The commissioner may refund or credit any overpayment  
1432 that is related to the partner's share of partnership items to either, in the  
1433 commissioner's sole discretion, the partnership or the partner. If the  
1434 commissioner chooses to refund or credit any overpayment to the  
1435 partnership, then, except as otherwise provided in section 12-732, any  
1436 such overpayment shall be refunded or credited not later than three  
1437 years from the due date of the partnership's annual return pursuant to  
1438 section 12-726 or, if the time for filing such return was extended, not  
1439 later than three years from the date on which such return is filed or the  
1440 extended due date of such return, whichever is earlier.

1441 (C) Notwithstanding any provision of subparagraph (A) of this  
1442 subdivision, a partnership shall not be required to make a payment on  
1443 account of the income tax imposed on a partner for a taxable year  
1444 pursuant to this chapter if (i) the partner's distributive share of  
1445 partnership income, to the extent derived from or connected with  
1446 sources within this state, as reflected on the partnership's annual return  
1447 for the taxable year under section 12-726, is less than one thousand  
1448 dollars; (ii) the department has determined by regulation, ruling or  
1449 instruction that the partner's income is not subject to the provisions of  
1450 this subdivision; or (iii) the partnership is a publicly traded partnership,  
1451 as defined in Section 7704(b) of the Internal Revenue Code, that is  
1452 treated as a partnership for federal income tax purposes and that has  
1453 agreed to file the annual return pursuant to section 12-726, and to report

1454 therewith the name, address, Social Security number or federal  
1455 employer identification number, and other information required by the  
1456 department concerning each unitholder whose distributive share of  
1457 partnership income, to the extent derived from or connected with  
1458 sources within this state, as reflected on such annual return, is more than  
1459 five hundred dollars.

1460 (D) If a member of a pass-through entity, referred to in this  
1461 subparagraph as an "upper-tier pass-through entity", is itself a pass-  
1462 through entity, the member, referred to in this subparagraph as a  
1463 "lower-tier pass-through entity", shall be subject to the same  
1464 requirements to make payment, on behalf of its members, of the income  
1465 tax imposed on those members pursuant to this chapter that apply to  
1466 the upper-tier pass-through entity under this subdivision. The  
1467 department shall apply the income tax paid by the upper-tier pass-  
1468 through entity, on behalf of the lower-tier pass-through entity, to the  
1469 income tax required to be paid by the lower-tier pass-through entity, on  
1470 behalf of its members. For purposes of this subdivision, "pass-through  
1471 entity" means an S corporation, general partnership, limited  
1472 partnership, limited liability partnership or limited liability company  
1473 that is treated as a partnership for federal income tax purposes; and  
1474 "member" means a shareholder of an S corporation, a partner in a  
1475 general partnership, a limited partnership, or a limited liability  
1476 partnership and a member of a limited liability company that is treated  
1477 as a partnership for federal income tax purposes.

1478 (E) For purposes of section 12-740, a nonresident individual who is a  
1479 member of a pass-through entity, as defined in subparagraph (D) of this  
1480 subdivision, shall not be required to file an income tax return under this  
1481 chapter for a taxable year if, for such taxable year, the only source of  
1482 income derived from or connected with Connecticut sources of such  
1483 member, or the member and his or her spouse if a joint federal income  
1484 tax return is or shall be made, is from one or more pass-through entities,  
1485 and the sum of such income derived from or connected with  
1486 Connecticut sources from such one or more pass-through entities is less  
1487 than one thousand dollars.



1488 (c) (1) (A) The provisions of this subsection shall not apply to taxable  
1489 years commencing on or after January 1, 2018, and prior to January 1,  
1490 2024.

1491 (B) With respect to each of its nonresident shareholders, each S  
1492 corporation doing business in this state or having income derived from  
1493 or connected with sources within this state shall, for each taxable year,  
1494 make payment to the commissioner as provided in subdivision (2) of  
1495 this subsection.

1496 (C) For taxable years commencing on or after January 1, 2024, the  
1497 payment due with respect to each nonresident shareholder under this  
1498 subsection shall be reduced by such shareholder's direct and indirect  
1499 credit properly reported by the S corporation under subdivision (1) of  
1500 subsection (f) of section 12-699, as amended by this act. In no event shall  
1501 the payment with respect to any nonresident shareholder be less than  
1502 zero.

1503 (2) (A) Any payment under this subdivision shall be in an amount  
1504 equal to the highest marginal tax rate in effect under section 12-700, as  
1505 amended by this act, for the taxable year multiplied by the subject  
1506 shareholder's pro rata share of (i) such S corporation's separately and  
1507 nonseparately computed items, as described in Section 1366 of the  
1508 Internal Revenue Code, to the extent derived from or connected with  
1509 sources within this state, as determined under this chapter, and (ii) any  
1510 modification described in section 12-701 which relates to an item of such  
1511 S corporation's income, gain, loss or deduction, to the extent derived  
1512 from or connected with sources within this state, as determined under  
1513 this chapter. Any amount paid by an S corporation to this state with  
1514 respect to any taxable year pursuant to this subdivision shall be  
1515 considered to be a payment by the shareholder on account of the income  
1516 tax imposed on the shareholder for such taxable year pursuant to this  
1517 chapter. An S corporation shall not be liable to, and shall be entitled to  
1518 recover a payment made pursuant to this subdivision from, the  
1519 shareholder on whose behalf the payment was made. Any payment for  
1520 a taxable year shall be made at or before the date the annual return for

1521 such taxable year is required to be filed pursuant to section 12-726. The  
1522 S corporation shall furnish, on a form prescribed by the department, to  
1523 each shareholder on whose behalf payment was made under this  
1524 subdivision no later than the fifteenth day of the [fourth] third month  
1525 following the close of the S corporation's taxable year a record of the  
1526 amount of the tax paid on behalf of such shareholder by the S  
1527 corporation with respect to the taxable year.

1528 (B) (i) If income from one or more pass-through entities, as defined in  
1529 subparagraph (D) of this subdivision, is the only source of income  
1530 derived from or connected with Connecticut sources of a shareholder,  
1531 or the shareholder and his or her spouse if a joint federal income tax  
1532 return is or shall be made, the filing by the S corporation of an annual  
1533 return pursuant to section 12-726 and the payment by the S corporation  
1534 on behalf of the shareholder of the tax prescribed under subparagraph  
1535 (A) of this subdivision shall satisfy the filing and payment requirements  
1536 otherwise separately imposed on the shareholder by this chapter. The  
1537 commissioner may make any deficiency assessment against, at the  
1538 commissioner's sole discretion, either the S corporation or the  
1539 shareholder, provided any such assessment against the shareholder  
1540 shall be limited to the shareholder's share thereof. Except as otherwise  
1541 provided in section 12-733, as amended by this act, any such assessment  
1542 shall be made not later than three years after the S corporation's annual  
1543 return pursuant to section 12-726 is filed. The commissioner may refund  
1544 or credit any overpayment to either the S corporation or the shareholder,  
1545 in the commissioner's sole discretion. Except as otherwise provided in  
1546 section 12-732, any such overpayment shall be refunded or credited not  
1547 later than three years from the due date of the S corporation's annual  
1548 return pursuant to section 12-726 or, if the time for filing such return  
1549 was extended, not later than three years from the date on which such  
1550 return is filed or the extended due date of such return, whichever is  
1551 earlier.

1552 (ii) If income from one or more pass-through entities, as defined in  
1553 subparagraph (D) of subdivision (2) of subsection (b) of this section, is  
1554 not the only source of income derived from or connected with

1555 Connecticut sources of a shareholder, or the shareholder and his or her  
1556 spouse if a joint federal income tax return is or shall be made, nothing  
1557 in this subdivision shall be construed as excusing the shareholder from  
1558 the obligation to file his or her own separate tax return under this  
1559 chapter. In such event, the shareholder shall receive credit for the  
1560 income tax paid under this subdivision by the S corporation on his or  
1561 her behalf. The commissioner may make any deficiency assessment that  
1562 is related to the shareholder's share of S corporation items against either,  
1563 in the commissioner's sole discretion, the S corporation or the  
1564 shareholder. If the commissioner chooses to make any deficiency  
1565 assessment against the S corporation, then, except as otherwise  
1566 provided in section 12-733, as amended by this act, any such assessment  
1567 shall be made not later than three years after the S corporation's annual  
1568 return pursuant to section 12-726 is filed. The commissioner may refund  
1569 or credit any overpayment that is related to the shareholder's share of S  
1570 corporation items to either, in the commissioner's sole discretion, the S  
1571 corporation or the shareholder. If the commissioner chooses to refund  
1572 or credit any overpayment to the S corporation, then, except as  
1573 otherwise provided in section 12-732, any such overpayment shall be  
1574 refunded or credited not later than three years from the due date of the  
1575 S corporation's annual return pursuant to section 12-726 or, if the time  
1576 for filing such return was extended, not later than three years from the  
1577 date on which such return is filed or the extended due date of such  
1578 return, whichever is earlier.

1579 (C) Notwithstanding the provisions of subparagraph (A) of this  
1580 subdivision, an S corporation shall not be required to make a payment  
1581 on account of the income tax imposed on a shareholder for a taxable  
1582 year pursuant to this chapter if (i) the shareholder's distributive share of  
1583 S corporation income, to the extent derived from or connected with  
1584 sources within this state, as reflected on the S corporation's annual  
1585 return for the taxable year under section 12-726, is less than one  
1586 thousand dollars; or (ii) the department has determined by regulation,  
1587 ruling or instruction that the shareholder's income is not subject to the  
1588 provisions of this subdivision.

1589 (D) For purposes of this subdivision, the provisions of subparagraphs  
1590 (D) and (E) of subdivision (2) of subsection (b) of this section apply.

1591 (d) (1) In lieu of filing a return pursuant to this section, the  
1592 commissioner may, if he determines that the enforcement of this chapter  
1593 would not be adversely affected and pursuant to requirements and  
1594 conditions set forth in forms and instructions, provide for the filing of a  
1595 composite return for every qualifying nonresident member of a  
1596 professional athletic team by such team, if such team is doing business  
1597 in this state or the members of such team have compensation which is  
1598 received for services rendered as members of such team and which is  
1599 derived from or connected with sources within this state.

1600 (2) If a professional athletic team is required to file a composite return  
1601 pursuant to this subsection, the commissioner may, if he determines that  
1602 the enforcement of this chapter would not be adversely affected, require  
1603 such team, in lieu of deducting and withholding Connecticut income tax  
1604 as may otherwise be required under section 12-705, to make payment to  
1605 the commissioner of tax, estimated tax, additions to tax, interest and  
1606 penalties otherwise required to be paid to the commissioner by such  
1607 qualifying nonresident members.

1608 (3) The commissioner may, if he determines that the enforcement of  
1609 this chapter would not be adversely affected, require a professional  
1610 athletic team, in lieu of deducting and withholding Connecticut income  
1611 tax as may otherwise be required under section 12-705, to make  
1612 payment to the commissioner of tax, estimated tax, additions to tax,  
1613 interest and penalties otherwise required to be paid to the commissioner  
1614 by every (A) resident member, but only with respect to compensation  
1615 which is received for services rendered as a member of a professional  
1616 athletic team and (B) nonresident member who is not a qualifying  
1617 nonresident member, but only with respect to compensation which is  
1618 received for services rendered as a member of a professional athletic  
1619 team and which is derived from or connected with sources within this  
1620 state.

1621 (4) Any amount paid by a professional athletic team to this state with  
1622 respect to any taxable period pursuant to this subsection shall be  
1623 considered to be a payment by the member on account of the income tax  
1624 imposed on the member for such taxable period pursuant to this  
1625 chapter. The team shall be entitled to recover a payment made pursuant  
1626 to this subsection from the member on whose behalf the payment was  
1627 made.

1628 (5) For purposes of this subsection, "qualifying nonresident member"  
1629 means a member of a professional athletic team who is a nonresident  
1630 individual for the entire taxable year, who does not maintain a  
1631 permanent place of abode in Connecticut at any time during the taxable  
1632 year, who does not have income derived from or connected with sources  
1633 within this state other than compensation which is received for services  
1634 rendered as a member of a professional athletic team and which is  
1635 derived from or connected with sources within this state.

1636 Sec. 17. Subparagraph (B) of subdivision (2) of subsection (a) of  
1637 section 12-217g of the general statutes is repealed and the following is  
1638 substituted in lieu thereof (*Effective January 1, 2024, and applicable to*  
1639 *income years commencing on or after January 1, 2024*):

1640 (B) For taxable years commencing on or after January 1, 2022, with  
1641 respect to an affected business entity claiming a credit under this  
1642 subsection against the tax due under chapter 228z, the credit available  
1643 to the members of such entity pursuant to subdivision (1) of subsection  
1644 [(g)] (f) of section 12-699, as amended by this act, shall be based upon  
1645 the amount of tax due under chapter 228z from such entity prior to the  
1646 application of the credit granted under this subsection and any other  
1647 payments made against such tax due.

1648 Sec. 18. Subdivision (4) of subsection (b) of section 12-733 of the  
1649 general statutes is repealed and the following is substituted in lieu  
1650 thereof (*Effective January 1, 2024, and applicable to taxable years commencing*  
1651 *on or after January 1, 2024*):

1652 (4) If an affected business entity, as defined in section 12-699, as

1653 amended by this act, omits from the Connecticut adjusted gross income  
1654 derived from or connected with sources within Connecticut of any  
1655 member of such affected business entity an amount properly includable  
1656 therein that is in excess of twenty-five per cent of the amount of  
1657 Connecticut adjusted gross income derived from or connected with  
1658 sources within Connecticut stated in the return [required under] filed  
1659 pursuant to section 12-699, as amended by this act, or section 12-719, as  
1660 amended by this act, a notice of a proposed deficiency assessment may  
1661 be mailed to the taxpayer not later than six years after the date on which  
1662 the return is filed. For purposes of this subdivision, there shall not be  
1663 taken into account any amount that is omitted in the return if such  
1664 amount is disclosed in the return, or in a statement attached to the  
1665 return, in a manner adequate to apprise the commissioner of the nature  
1666 and the amount of such item.

1667       Sec. 19. Section 32-7u of the general statutes is repealed and the  
1668 following is substituted in lieu thereof (*Effective January 1, 2024, and*  
1669 *applicable to taxable years commencing on or after January 1, 2024*):

1670       As used in this section, "affected business entity" and "member" have  
1671 the same meanings as provided in subsection (a) of section 12-699, as  
1672 amended by this act. An affected business entity that receives a rebate  
1673 under section 32-7t shall claim such rebate as a credit against the tax due  
1674 under chapter 228z. If the amount of the rebate allowed pursuant to  
1675 section 32-7t exceeds the liability for the tax imposed under chapter  
1676 228z, the Commissioner of Revenue Services shall treat such excess as  
1677 an overpayment and shall refund the amount of such excess, without  
1678 interest, to the taxpayer. With respect to an affected business entity  
1679 granted a rebate pursuant to section 32-7t, the credit available to the  
1680 members of such entity pursuant to subdivision (1) of subsection [(g)]  
1681 (f) of section 12-699, as amended by this act, shall be based upon the  
1682 amount of tax due under chapter 228z from such entity prior to the  
1683 application of the rebate granted pursuant to section 32-7t and any other  
1684 payments made against such tax due.

1685       Sec. 20. Section 12-699b of the general statutes is repealed. (*Effective*

1686 January 1, 2024)

1687 Sec. 21. Section 453 of public act 21-2 of the June special session, as  
 1688 amended by section 471 of public act 22-118, is repealed. (*Effective from*  
 1689 *passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to income years commencing on or after January 1, 2023</i>	12-214(b)(4)
Sec. 2	<i>from passage and applicable to income years commencing on or after January 1, 2023</i>	12-219(b)(4)
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	12-217x
Sec. 5	<i>from passage</i>	12-217zz(a)
Sec. 6	<i>July 1, 2023</i>	12-392(a)
Sec. 7	<i>July 1, 2023</i>	12-704d
Sec. 8	<i>July 1, 2023</i>	21a-420f(c)
Sec. 9	<i>from passage</i>	12-704e(a)
Sec. 10	<i>from passage</i>	3-20(bb)
Sec. 11	<i>July 1, 2023</i>	3-20j(p)
Sec. 12	<i>July 1, 2023</i>	4-28e(c)
Sec. 13	<i>January 1, 2024</i>	12-700(a)
Sec. 14	<i>January 1, 2024, and applicable to taxable years commencing on or after January 1, 2024</i>	12-699
Sec. 15	<i>January 1, 2024, and applicable to taxable years commencing on or after January 1, 2024</i>	12-699a
Sec. 16	<i>January 1, 2024, and applicable to taxable years commencing on or after January 1, 2024</i>	12-719

Sec. 17	<i>January 1, 2024, and applicable to income years commencing on or after January 1, 2024</i>	12-217g(a)(2)(B)
Sec. 18	<i>January 1, 2024, and applicable to taxable years commencing on or after January 1, 2024</i>	12-733(b)(4)
Sec. 19	<i>January 1, 2024, and applicable to taxable years commencing on or after January 1, 2024</i>	32-7u
Sec. 20	<i>January 1, 2024</i>	Repealer section
Sec. 21	<i>from passage</i>	Repealer section

**Statement of Purpose:**

To implement the Governor's budget recommendations.

*[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.]*