



General Assembly

January Session, 2021

Raised Bill No. 1106

LCO No. 6728



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT ESTABLISHING THE CONNECTICUT EQUITABLE INVESTMENT FUND AND DEDICATING CERTAIN REVENUES TO SAID FUND.

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

1 Section 1. (NEW) (*Effective January 1, 2022*) (a) For taxable years
2 commencing on or after January 1, 2022, there is imposed a surcharge
3 on a taxpayer, excluding trusts or estates, whose Connecticut adjusted
4 gross income is equal to or greater than the threshold amount specified
5 in section 12-700 of the general statutes for imposition of the highest
6 marginal rate on such taxpayer. Such surcharge shall be at the rate of
7 two per cent of the net gain from the sale or exchange of capital assets,
8 as determined for federal income tax purposes. The surcharge shall be
9 in addition to any other tax, fee or surcharge for which the taxpayer is
10 liable.

11 (b) (1) Each taxpayer subject to the surcharge shall file a report with
12 the Commissioner of Revenue Services, in such form and containing
13 such information as the commissioner prescribes, on or before the

14 fifteenth day of the fourth month following the close of the taxpayer's
15 taxable year. Such return shall accurately set forth the amount of the net
16 gain calculated pursuant to subsection (a) of this section for the
17 preceding taxable year and the amount of the taxpayer's surcharge
18 liability for such year. A taxpayer required to file a report shall, without
19 assessment, notice or demand, pay any surcharge due thereon to the
20 commissioner on or before the date specified in this subsection,
21 determined without regard to any extension of time for filing the report.

22 (2) All revenue collected pursuant to this section and any interest and
23 penalty related thereto shall be deposited in the Connecticut Equity
24 Investment Fund established under section 7 of this act.

25 (c) If any person fails to pay the amount of the surcharge reported
26 due on a report within the time specified, there shall be imposed a
27 penalty equal to ten per cent of such amount due and unpaid, or fifty
28 dollars, whichever is greater. Such amount shall bear interest at the rate
29 of one per cent per month or fraction thereof, from the due date of such
30 surcharge until the date of payment. Subject to the provisions of section
31 12-3a of the general statutes, the commissioner may waive all or part of
32 the penalties provided under this section when it is proven to the
33 commissioner's satisfaction that the failure to pay any surcharge was
34 due to reasonable cause and was not intentional or due to neglect.

35 (d) The provisions of sections 12-550 to 12-554, inclusive, and section
36 12-555a of the general statutes shall apply to the provisions of this
37 section in the same manner and with the same force and effect as if the
38 language of said sections had been incorporated in full into this section
39 and had expressly referred to the surcharge under this section, except to
40 the extent that any provision is inconsistent with a provision in this
41 section.

42 (e) The commissioner may adopt regulations, in accordance with the
43 provisions of chapter 54 of the general statutes, to implement the
44 provisions of this section.

45 Sec. 2. (NEW) (*Effective from passage*) (a) As used in this section:

46 (1) "Employer" means an employer required to deduct and withhold
47 tax from wages pursuant to section 12-705 of the general statutes; and

48 (2) "Electing employee" means an employee of an employer, who (A)
49 is required to have amounts withheld from wages pursuant to section
50 12-705 of the general statutes, (B) receives an annual gross income for
51 wages from such employer of more than forty thousand dollars, and (C)
52 elects to participate in the wage compensation tax program established
53 under subsection (b) of this section.

54 (b) (1) There is established, for taxable years commencing on or after
55 January 1, 2022, a wage compensation tax program under which any
56 employee may elect to participate in such program and the employer of
57 such electing employee shall pay a tax on the wages of each employee
58 who elects to participate in such program.

59 (2) There is imposed a tax on each employer that employs an electing
60 employee, in an amount equal to five per cent of such electing
61 employee's wages. Each such employer shall remit the tax to the
62 Department of Revenue Services in accordance with the provisions of
63 subsection (f) of this section. All revenue collected pursuant to this
64 section and any interest and penalty related thereto shall be deposited
65 in the Connecticut Equity Investment Fund established under section 7
66 of this act.

67 (3) Each electing employee shall be allowed (A) a credit against the
68 tax imposed under chapter 229 of the general statutes, as provided in
69 subsection (g) of this section, and (B) a deduction from such electing
70 employee's federal adjusted gross income, as provided in subdivision
71 (20) of subsection (a) of section 12-701 of the general statutes, as
72 amended by this act, for contributions made to a Roth individual
73 retirement account under 26 USC 408A, as amended from time to time.

74 (c) (1) Each employer shall inform its current and newly hired
75 employees of the wage compensation tax program and provide to each
76 employee (A) information about how such employee may elect to
77 participate in such program, and (B) an estimated tax table that provides

78 projections of what such employee's wages and tax liability under
79 chapter 229 of the general statutes might be if such employee
80 participates in the program and what such wages and tax liability might
81 be if such employee does not participate in the program.

82 (2) No employer may prohibit an employee from participating in
83 such program, except that each employer may establish a reasonable
84 minimum period of time that an electing employee is required to
85 maintain participation in such program.

86 (d) (1) Each employer shall offer to pay, for any individual to whom
87 such employer will be required to issue an Internal Revenue Service
88 Form 1099 for any taxable year commencing on or after January 1, 2022,
89 the tax set forth in subdivision (2) of subsection (b) of this section as if
90 the amount reportable on said form were wages paid by such employer
91 to the individual. Each employer shall provide to each such individual
92 an estimated tax table that provides projections of what such
93 individual's tax liability under chapter 229 of the general statutes might
94 be if the employer paid such tax and what such tax liability might be if
95 such tax is not paid. Each employer that pays the tax under this
96 subdivision shall remit such tax to the Department of Revenue Services
97 in accordance with the provisions of subsection (f) of this section.

98 (2) Each individual for whom an employer has paid the tax under
99 subdivision (1) of this subsection shall be allowed a credit against the
100 tax imposed under chapter 229 of the general statutes, as provided in
101 subsection (g) of this section.

102 (e) The Department of Revenue Services shall assist employers in the
103 preparation of the estimated tax tables required under subsections (c)
104 and (d) of this section.

105 (f) Any employer that is subject to the tax imposed under subsection
106 (b) of this section or the payment of the tax under subsection (d) of this
107 section shall remit such tax to the Department of Revenue Services at
108 the same time and in the same manner such employer would be
109 required to pay the tax under section 12-705 of the general statutes, and

110 shall file a return in such form and manner as the commissioner
111 prescribes. Any individual who is under a duty to act on behalf of an
112 employer to comply with the provisions of this section shall be jointly
113 and severally liable with the employer for any tax, amount, interest or
114 penalty owed under this section.

115 (g) For taxable years commencing on or after January 1, 2022, each
116 electing employee, and each individual for whom an employer has paid
117 the tax under subsection (d) of this section, shall be allowed a credit
118 against the tax imposed under chapter 229 of the general statutes, in the
119 amount of ninety-five per cent of (1) the taxes paid by the employer of
120 such electing employee on such employee's wages, or (2) the taxes paid
121 on behalf of such individual pursuant to subsection (d) of this section,
122 as applicable. If the amount of the credit allowed pursuant to this
123 subsection exceeds the electing employee's or individual's liability for
124 the tax imposed under chapter 229 of the general statutes, the
125 Commissioner of Revenue Services shall treat such excess as an
126 overpayment and, except as provided under section 12-739 or 12-742 of
127 the general statutes, shall refund the amount of such excess, without
128 interest, to such electing employee or individual.

129 (h) The provisions of sections 12-550 to 12-554, inclusive, and section
130 12-555a of the general statutes shall apply to the provisions of this
131 section in the same manner and with the same force and effect as if the
132 language of said sections had been incorporated in full into this section
133 and had expressly referred to the tax imposed under this section, except
134 to the extent that any such provision is inconsistent with a provision of
135 this section.

136 Sec. 3. Subparagraph (B) of subdivision (20) of subsection (a) of
137 section 12-701 of the general statutes is repealed and the following is
138 substituted in lieu thereof (*Effective January 1, 2022, and applicable to*
139 *taxable years commencing on or after January 1, 2022*):

140 (B) There shall be subtracted therefrom:

141 (i) To the extent properly includable in gross income for federal

142 income tax purposes, any income with respect to which taxation by any
143 state is prohibited by federal law;

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

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

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

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

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

168 (vii) To the extent properly includable in determining the net gain or
169 loss from the sale or other disposition of capital assets for federal income
170 tax purposes, any gain from the sale or exchange of obligations issued
171 by or on behalf of the state of Connecticut, any political subdivision
172 thereof, or public instrumentality, state or local authority, district or

173 similar public entity created under the laws of the state of Connecticut,
174 in the income year such gain was recognized;

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

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

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

204 (II) For taxable years commencing prior to January 1, 2019, for a

205 person who files a return under the federal income tax as an unmarried
206 individual whose federal adjusted gross income for such taxable year is
207 fifty thousand dollars or more, or as a married individual filing
208 separately whose federal adjusted gross income for such taxable year is
209 fifty thousand dollars or more, or for a husband and wife who file a
210 return under the federal income tax as married individuals filing jointly
211 whose federal adjusted gross income from such taxable year is sixty
212 thousand dollars or more or for a person who files a return under the
213 federal income tax as a head of household whose federal adjusted gross
214 income for such taxable year is sixty thousand dollars or more, an
215 amount equal to the difference between the amount of Social Security
216 benefits includable for federal income tax purposes and the lesser of
217 twenty-five per cent of the Social Security benefits received during the
218 taxable year, or twenty-five per cent of the excess described in Section
219 86(b)(1) of the Internal Revenue Code;

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

233 (IV) For the taxable year commencing January 1, 2019, and each
234 taxable year thereafter, for a person who files a return under the federal
235 income tax as an unmarried individual whose federal adjusted gross
236 income for such taxable year is seventy-five thousand dollars or more,
237 or as a married individual filing separately whose federal adjusted gross
238 income for such taxable year is seventy-five thousand dollars or more,

239 or for a husband and wife who file a return under the federal income tax
240 as married individuals filing jointly whose federal adjusted gross
241 income from such taxable year is one hundred thousand dollars or more
242 or for a person who files a return under the federal income tax as a head
243 of household whose federal adjusted gross income for such taxable year
244 is one hundred thousand dollars or more, an amount equal to the
245 difference between the amount of Social Security benefits includable for
246 federal income tax purposes and the lesser of twenty-five per cent of the
247 Social Security benefits received during the taxable year, or twenty-five
248 per cent of the excess described in Section 86(b)(1) of the Internal
249 Revenue Code;

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

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

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

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

267 (xv) To the extent properly includable in gross income for federal
268 income tax purposes of an account holder, as defined in section 31-
269 51ww, interest earned on funds deposited in the individual
270 development account, as defined in section 31-51ww, of such account

271 holder;

272 (xvi) To the extent properly includable in the gross income for federal
273 income tax purposes of a designated beneficiary, as defined in section
274 3-123aa, interest, dividends or capital gains earned on contributions to
275 accounts established for the designated beneficiary pursuant to the
276 Connecticut Homecare Option Program for the Elderly established by
277 sections 3-123aa to 3-123ff, inclusive;

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

284 (xviii) To the extent properly includable in gross income for federal
285 income tax purposes for the taxable year, any income from the discharge
286 of indebtedness in connection with any reacquisition, after December
287 31, 2008, and before January 1, 2011, of an applicable debt instrument or
288 instruments, as those terms are defined in Section 108 of the Internal
289 Revenue Code, as amended by Section 1231 of the American Recovery
290 and Reinvestment Act of 2009, to the extent any such income was added
291 to federal adjusted gross income pursuant to subparagraph (A)(xi) of
292 this subdivision in computing Connecticut adjusted gross income for a
293 preceding taxable year;

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

298 (xx) To the extent properly includable in gross income for federal
299 income tax purposes, (I) for the taxable year commencing January 1,
300 2015, ten per cent of the income received from the state teachers'
301 retirement system, (II) for the taxable years commencing January 1,
302 2016, to January 1, 2020, inclusive, twenty-five per cent of the income

303 received from the state teachers' retirement system, and (III) for the
304 taxable year commencing January 1, 2021, and each taxable year
305 thereafter, fifty per cent of the income received from the state teachers'
306 retirement system or the percentage, if applicable, pursuant to clause
307 (xxi) of this subparagraph;

308 (xxi) To the extent properly includable in gross income for federal
309 income tax purposes, except for retirement benefits under clause (iv) of
310 this subparagraph and retirement pay under clause (xvii) of this
311 subparagraph, for a person who files a return under the federal income
312 tax as an unmarried individual whose federal adjusted gross income for
313 such taxable year is less than seventy-five thousand dollars, or as a
314 married individual filing separately whose federal adjusted gross
315 income for such taxable year is less than seventy-five thousand dollars,
316 or as a head of household whose federal adjusted gross income for such
317 taxable year is less than seventy-five thousand dollars, or for a husband
318 and wife who file a return under the federal income tax as married
319 individuals filing jointly whose federal adjusted gross income for such
320 taxable year is less than one hundred thousand dollars, (I) for the taxable
321 year commencing January 1, 2019, fourteen per cent of any pension or
322 annuity income, (II) for the taxable year commencing January 1, 2020,
323 twenty-eight per cent of any pension or annuity income, (III) for the
324 taxable year commencing January 1, 2021, forty-two per cent of any
325 pension or annuity income, (IV) for the taxable year commencing
326 January 1, 2022, fifty-six per cent of any pension or annuity income, (V)
327 for the taxable year commencing January 1, 2023, seventy per cent of any
328 pension or annuity income, (VI) for the taxable year commencing
329 January 1, 2024, eighty-four per cent of any pension or annuity income,
330 and (VII) for the taxable year commencing January 1, 2025, and each
331 taxable year thereafter, any pension or annuity income;

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

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

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

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

353 (xxvi) The amount of contributions made during the applicable
354 taxable year by an electing employee, as defined in section 2 of this act,
355 to a Roth individual retirement account under 26 USC 408A, as
356 amended from time to time, provided such electing employee was a
357 participant in the wage compensation tax program established under
358 section 1 of this act during at least six months of the applicable taxable
359 year.

360 Sec. 4. (NEW) (*Effective January 1, 2022, and applicable to taxable years*
361 *commencing on or after January 1, 2022*) (a) As used in this section,
362 "resident of the state" has the same meaning as provided in section 12-
363 701 of the general statutes.

364 (b) (1) Each resident of this state whose federal adjusted gross income
365 is one hundred forty thousand dollars or more shall be subject to a
366 consumption tax calculated as set forth in subdivision (2) of this
367 subsection.

368 (2) Each such resident shall multiply the amount of such resident's
369 federal adjusted gross income for the preceding taxable year by the
370 adjustment rate provided herein and shall owe such tax in the resulting
371 amount:

T1	Federal adjusted gross income	Adjustment rate
T2	\$140,000 to less than \$185,000	0.1%
T3	\$185,000 to less than \$300,000	0.5%
T4	\$300,000 to less than \$600,000	0.7%
T5	\$600,000 to less than \$2,000,000	0.7%
T6	\$2,000,000 to less than \$13,000,000	1.4%
T7	\$13,000,000 or more	1.5%

372 (c) (1) Each taxpayer subject to the tax under subsection (b) of this
373 section shall file a report with the Commissioner of Revenue Services, in
374 such form and containing such information as the commissioner
375 prescribes, on or before the fifteenth day of the fourth month following
376 the close of the taxpayer's taxable year. Such return shall accurately set
377 forth the amount of the tax calculated pursuant to subsection (b) of this
378 section for the preceding taxable year. A taxpayer required to file a
379 report for the tax under this subsection shall, without assessment, notice
380 or demand, pay the tax due to the commissioner on or before the date
381 specified in this subsection, determined without regard to any extension
382 of time for filing the report.

383 (2) All revenue collected pursuant to this section and any interest and
384 penalty related thereto shall be deposited in the Connecticut Equity
385 Investment Fund established under section 7 of this act.

386 (d) If any person fails to pay the amount of the tax reported due on a
387 report within the time specified, there shall be imposed a penalty equal
388 to ten per cent of such amount due and unpaid, or fifty dollars,
389 whichever is greater. Such amount shall bear interest at the rate of one
390 per cent per month or fraction thereof, from the due date of such tax
391 until the date of payment. Subject to the provisions of section 12-3a of
392 the general statutes, the commissioner may waive all or part of the
393 penalties provided under this section when it is proven to the

394 commissioner's satisfaction that the failure to pay any tax was due to
395 reasonable cause and was not intentional or due to neglect.

396 (e) The provisions of sections 12-550 to 12-554, inclusive, and section
397 12-555a of the general statutes shall apply to the provisions of this
398 section in the same manner and with the same force and effect as if the
399 language of said sections had been incorporated in full into this section
400 and had expressly referred to the tax imposed under this section, except
401 to the extent that any such provision is inconsistent with a provision of
402 this section.

403 (f) The commissioner may adopt regulations, in accordance with the
404 provisions of chapter 54 of the general statutes, to implement the
405 provisions of this section.

406 Sec. 5. (NEW) (*Effective January 1, 2022*) (a) As used in this section:

407 (1) "Annual gross revenues" means income or revenue from all
408 sources, prior to any expenses or taxes, computed in accordance with
409 generally accepted accounting principles;

410 (2) "Assessable base" means the annual gross revenues derived from
411 digital advertising services in the state;

412 (3) "Digital advertising services" means advertisement services on a
413 digital interface, including banner advertising, search engine
414 advertising, interstitial advertising and other comparable advertising
415 services; and

416 (4) "Digital interface" means any type of software, including an
417 Internet web site or a part thereof or an application, that a person is able
418 to access with a device.

419 (b) (1) There is imposed a tax on the annual gross revenue of a person
420 derived from digital advertising services in the state as follows:

421 (A) Two and one-half per cent of the assessable base for a person with
422 global annual gross revenues of one hundred million dollars up to and

423 including one billion dollars;

424 (B) Five per cent of the assessable base for a person with global annual
425 gross revenues of more than one billion dollars up to and including five
426 billion dollars;

427 (C) Seven and one-half per cent of the assessable base for a person
428 with global annual gross revenues of more than five billion dollars up
429 to and including fifteen billion dollars; and

430 (D) Ten per cent of the assessable base for a person with global annual
431 gross revenues of more than fifteen billion dollars.

432 (2) The Commissioner of Revenue Services shall adopt regulations, in
433 accordance with the provisions of chapter 54 of the general statutes, to
434 establish the methodology to determine the portion of the annual gross
435 revenue of a person derived from digital advertising in the United States
436 to be apportioned to the state for purposes of determining the assessable
437 base under this section.

438 (c) (1) Each taxpayer subject to the tax under this section shall file a
439 report with the Commissioner of Revenue Services, in such form and
440 manner and containing such information as the commissioner
441 prescribes. Such return shall accurately set forth the amount of the tax
442 calculated pursuant to subsection (b) of this section for the preceding
443 income year.

444 (2) All revenue collected pursuant to this section and any interest and
445 penalty related thereto shall be deposited in the Connecticut Equity
446 Investment Fund established under section 7 of this act.

447 (d) If any person fails to pay the amount of the tax reported due on a
448 report within the time specified, there shall be imposed a penalty equal
449 to ten per cent of such amount due and unpaid, or fifty dollars,
450 whichever is greater. Such amount shall bear interest at the rate of one
451 per cent per month or fraction thereof, from the due date of such tax
452 until the date of payment. Subject to the provisions of section 12-3a of

453 the general statutes, the commissioner may waive all or part of the
454 penalties provided under this section when it is proven to the
455 commissioner's satisfaction that the failure to pay any tax was due to
456 reasonable cause and was not intentional or due to neglect.

457 (e) The provisions of sections 12-550 to 12-554, inclusive, and section
458 12-555a of the general statutes shall apply to the provisions of this
459 section in the same manner and with the same force and effect as if the
460 language of said sections had been incorporated in full into this section
461 and had expressly referred to the tax imposed under this section, except
462 to the extent that any such provision is inconsistent with a provision of
463 this section.

464 Sec. 6. Subsection (i) of section 12-391 of the general statutes is
465 repealed and the following is substituted in lieu thereof (*Effective July 1,*
466 *2021, and applicable to the estates of decedents dying on or after January 1,*
467 *2021*):

468 (i) [The] With respect to the estates of decedents dying on or after
469 January 1, 2021, the tax calculated pursuant to the provisions of this
470 section shall be reduced in an amount equal to half of the amount
471 invested by a decedent in a private investment fund or fund of funds
472 pursuant to [subdivision (43) of section 32-39] section 7 of this act,
473 provided (1) any such reduction shall not exceed five million dollars for
474 any such decedent, and (2) any such amount invested by the decedent
475 shall have been invested in such fund or fund of funds for ten years or
476 more, [, and (3) the aggregate amount of all taxes reduced under this
477 subsection shall not exceed thirty million dollars.]

478 Sec. 7. (NEW) (*Effective July 1, 2021*) (a) There is established a fund to
479 be known as the "Connecticut Equitable Investment Fund". The fund
480 shall contain any moneys required by law to be deposited in the fund
481 and shall be held in trust separate and apart from all other moneys,
482 funds and accounts. Investment earnings credited to the assets of the
483 fund shall become part of the assets of the fund. Any balance remaining
484 in the fund at the end of any fiscal year shall be carried forward in the
485 fund for the fiscal year next succeeding. Moneys in the fund shall be

486 expended by the Connecticut Equitable Investment Council established
487 pursuant to subsection (c) of this section to be used for the purposes set
488 forth in this section. The Connecticut Equitable Investment Fund shall
489 be a permanent investment fund to receive, invest and distribute
490 dedicated tax revenues as provided in this section.

491 (b) The following moneys shall be deposited in the fund:

492 (1) The revenues from (A) the surcharge under section 1 of this act,
493 (B) the wage compensation tax under section 2 of this act, (C) the
494 consumption tax under section 4 of this act, and (D) the digital
495 advertising tax under section 5 of this act;

496 (2) The amounts of any private investment received pursuant to
497 subdivision (5) of subsection (c) of this section, to be invested in
498 accordance with the provisions of said subdivision; and

499 (3) (A) The taxes collected and retained by the state on or after July 1,
500 2021, on recreational cannabis and cannabis products, and (B) the
501 revenues generated and retained by the state from any form of online
502 wagering authorized on or after July 1, 2021.

503 (c) (1) There is established the Connecticut Equitable Investment
504 Council, which shall manage and oversee the Connecticut Equitable
505 Investment Fund. The council shall consist of the following members:
506 (A) The Governor, who shall serve as the chairperson of the council; (B)
507 the Treasurer; (C) the Secretary of the Office of Policy and Management;
508 and (D) six members of the public, two of whom shall be appointed by
509 the Governor, two of whom shall be appointed by the president pro
510 tempore of the Senate and two of whom shall be appointed by the
511 speaker of the House of Representatives.

512 (2) The chairperson shall schedule meetings as necessary to
513 implement and accomplish the programs and strategies described in
514 subdivision (3) of this subsection, provided such meetings shall be held
515 not less than once every calendar quarter.

516 (3) The council shall protect and grow the moneys in the fund for
517 current and future generations through prudent, professional
518 investment management and support the growth of the state's economy
519 through investments-in-place programs and strategies that include, but
520 are not limited to:

521 (A) Building wealth in traditionally underserved communities by (i)
522 attracting and retaining neighborhood wealth, (ii) providing financial,
523 educational or related services to support initiatives that concentrate
524 investments in human capital and infrastructure, (iii) rebuilding
525 community assets through the construction, renovation or repair of
526 neighborhood structures or assets, (iv) providing programs, services
527 and assistance to support community reinvestment, (v) increasing
528 owner-occupancy of residential buildings and supporting pathways to
529 home ownership, and (vi) creating pipelines to employment;

530 (B) Reducing income inequality in the state by (i) providing funding
531 to allow the state to increase the earned income credit under section 12-
532 704e of the general statutes to forty per cent of the federal earned income
533 credit claimed and allowed, (ii) compensating worker value over
534 productivity, and (iii) expanding skill development and vocational and
535 technical training opportunities;

536 (C) Retaining and attracting talent to the state by increasing the
537 availability of venture capital; and

538 (D) Working with the state to reduce municipal reliance on property
539 taxes through the establishment of a statewide commercial property tax
540 credit and initiatives to prioritize municipal need and capacity, provide
541 full funding for the grants in lieu of taxes program under section 12-18b
542 of the general statutes, reduce or eliminate intertown tax rate
543 advantages and monetize land use.

544 (4) The council shall establish a review process and standards to
545 evaluate the programs and strategies that will help it and the state
546 achieve the goals described in subdivision (3) of this subsection and
547 shall annually distribute not less than fifty per cent of the moneys in the

548 fund, excluding the amount of any private investment received
 549 pursuant to subdivision (5) of this subsection, that are generated
 550 through revenue streams that are less volatile, as determined by the
 551 council.

552 (5) The council shall establish a program to solicit private investment
 553 from state residents that the council will invest in a private investment
 554 fund or funds of funds, provided any such private investment shall be
 555 invested in venture capital firms (A) having offices located in the state,
 556 and (B) that support the growth of business operations of companies in
 557 the state in a manner that support the goals described in subdivision (3)
 558 of this subsection.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2022</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>January 1, 2022, and applicable to taxable years commencing on or after January 1, 2022</i>	12-701(a)(20)(B)
Sec. 4	<i>January 1, 2022, and applicable to taxable years commencing on or after January 1, 2022</i>	New section
Sec. 5	<i>January 1, 2022</i>	New section
Sec. 6	<i>July 1, 2021, and applicable to the estates of decedents dying on or after January 1, 2021</i>	12-391(i)
Sec. 7	<i>July 1, 2021</i>	New section

Statement of Purpose:

To establish the Connecticut Equitable Investment Fund and council and dedicate certain revenues to said fund to be used for certain purposes.

[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.]

