



General Assembly

January Session, 2025

Raised Bill No. 7055

LCO No. 5062



Referred to Committee on PUBLIC SAFETY AND SECURITY

Introduced by:
(PS)

***AN ACT CONCERNING A MUNICIPAL TAX ABATEMENT FOR
SURVIVING DOMESTIC PARTNERS OF POLICE OFFICERS,
FIREFIGHTERS AND EMERGENCY MEDICAL TECHNICIANS AND
ALLOWING A PERSONAL INCOME TAX DEDUCTION FOR STIPENDS
PAID TO VOLUNTEER FIREFIGHTERS, VOLUNTEER FIRE POLICE
OFFICERS AND VOLUNTEER AMBULANCE MEMBERS.***

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

1 Section 1. Section 12-81x of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2025*):

3 The legislative body of any municipality may establish, by ordinance,
4 a program to abate all or a portion of the property taxes due with respect
5 to real property owned and occupied as the principal residence of the
6 surviving spouse or domestic partner, as defined by such ordinance, of
7 a police officer, firefighter or emergency medical technician who dies
8 while in the performance of such officer's, firefighter's or technician's
9 duties.

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11 section 12-701 of the general statutes is repealed and the following is

12 substituted in lieu thereof (*Effective January 1, 2026, and applicable to*
13 *taxable years commencing on or after January 1, 2026*):

14 (B) There shall be subtracted therefrom:

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

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

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

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

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

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

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

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

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

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

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

78 (II) For taxable years commencing prior to January 1, 2019, for a
79 person who files a return under the federal income tax as an unmarried
80 individual whose federal adjusted gross income for such taxable year is
81 fifty thousand dollars or more, or as a married individual filing
82 separately whose federal adjusted gross income for such taxable year is
83 fifty thousand dollars or more, or for a husband and wife who file a
84 return under the federal income tax as married individuals filing jointly
85 whose federal adjusted gross income from such taxable year is sixty
86 thousand dollars or more or for a person who files a return under the
87 federal income tax as a head of household whose federal adjusted gross
88 income for such taxable year is sixty thousand dollars or more, an
89 amount equal to the difference between the amount of Social Security
90 benefits includable for federal income tax purposes and the lesser of
91 twenty-five per cent of the Social Security benefits received during the
92 taxable year, or twenty-five per cent of the excess described in Section
93 86(b)(1) of the Internal Revenue Code;

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

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

108 taxable year thereafter, for a person who files a return under the federal
109 income tax as an unmarried individual whose federal adjusted gross
110 income for such taxable year is seventy-five thousand dollars or more,
111 or as a married individual filing separately whose federal adjusted gross
112 income for such taxable year is seventy-five thousand dollars or more,
113 or for a husband and wife who file a return under the federal income tax
114 as married individuals filing jointly whose federal adjusted gross
115 income from such taxable year is one hundred thousand dollars or more
116 or for a person who files a return under the federal income tax as a head
117 of household whose federal adjusted gross income for such taxable year
118 is one hundred thousand dollars or more, an amount equal to the
119 difference between the amount of Social Security benefits includable for
120 federal income tax purposes and the lesser of twenty-five per cent of the
121 Social Security benefits received during the taxable year, or twenty-five
122 per cent of the excess described in Section 86(b)(1) of the Internal
123 Revenue Code;

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

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

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

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

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

141 (xv) To the extent properly includable in the gross income for federal
142 income tax purposes of a designated beneficiary, as defined in section
143 3-123aa, interest, dividends or capital gains earned on contributions to
144 accounts established for the designated beneficiary pursuant to the
145 Connecticut Homecare Option Program for the Elderly established by
146 sections 3-123aa to 3-123ff, inclusive;

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

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

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

167 (xix) To the extent properly includable in gross income for federal
168 income tax purposes, (I) for the taxable year commencing January 1,
169 2015, ten per cent of the income received from the state teachers'
170 retirement system, (II) for the taxable years commencing January 1,
171 2016, to January 1, 2020, inclusive, twenty-five per cent of the income

172 received from the state teachers' retirement system, and (III) for the
173 taxable year commencing January 1, 2021, and each taxable year
174 thereafter, fifty per cent of the income received from the state teachers'
175 retirement system or, for a taxpayer whose federal adjusted gross
176 income does not exceed the applicable threshold under clause (xx) of
177 this subparagraph, the percentage pursuant to said clause of the income
178 received from the state teachers' retirement system, whichever
179 deduction is greater;

180 (xx) To the extent properly includable in gross income for federal
181 income tax purposes, except for retirement benefits under clause (iv) of
182 this subparagraph and retirement pay under clause (xvi) of this
183 subparagraph, for a person who files a return under the federal income
184 tax as an unmarried individual whose federal adjusted gross income for
185 such taxable year is less than seventy-five thousand dollars, or as a
186 married individual filing separately whose federal adjusted gross
187 income for such taxable year is less than seventy-five thousand dollars,
188 or as a head of household whose federal adjusted gross income for such
189 taxable year is less than seventy-five thousand dollars, or for a husband
190 and wife who file a return under the federal income tax as married
191 individuals filing jointly whose federal adjusted gross income for such
192 taxable year is less than one hundred thousand dollars, (I) for the taxable
193 year commencing January 1, 2019, fourteen per cent of any pension or
194 annuity income, (II) for the taxable year commencing January 1, 2020,
195 twenty-eight per cent of any pension or annuity income, (III) for the
196 taxable year commencing January 1, 2021, forty-two per cent of any
197 pension or annuity income, and (IV) for the taxable years commencing
198 January 1, 2022, and January 1, 2023, one hundred per cent of any
199 pension or annuity income;

200 (xxi) To the extent properly includable in gross income for federal
201 income tax purposes, except for retirement benefits under clause (iv) of
202 this subparagraph and retirement pay under clause (xvi) of this
203 subparagraph, any pension or annuity income for the taxable year
204 commencing on or after January 1, 2024, and each taxable year
205 thereafter, in accordance with the following schedule, for a person who

206 files a return under the federal income tax as an unmarried individual
 207 whose federal adjusted gross income for such taxable year is less than
 208 one hundred thousand dollars, or as a married individual filing
 209 separately whose federal adjusted gross income for such taxable year is
 210 less than one hundred thousand dollars, or as a head of household
 211 whose federal adjusted gross income for such taxable year is less than
 212 one hundred thousand dollars:

T1	Federal Adjusted Gross Income	Deduction
T2	Less than \$75,000	100.0%
T3	\$75,000 but not over \$77,499	85.0%
T4	\$77,500 but not over \$79,999	70.0%
T5	\$80,000 but not over \$82,499	55.0%
T6	\$82,500 but not over \$84,999	40.0%
T7	\$85,000 but not over \$87,499	25.0%
T8	\$87,500 but not over \$89,999	10.0%
T9	\$90,000 but not over \$94,999	5.0%
T10	\$95,000 but not over \$99,999	2.5%
T11	\$100,000 and over	0.0%

213 (xxii) To the extent properly includable in gross income for federal
 214 income tax purposes, except for retirement benefits under clause (iv) of
 215 this subparagraph and retirement pay under clause (xvi) of this
 216 subparagraph, any pension or annuity income for the taxable year
 217 commencing on or after January 1, 2024, and each taxable year
 218 thereafter, in accordance with the following schedule for married
 219 individuals who file a return under the federal income tax as married
 220 individuals filing jointly whose federal adjusted gross income for such
 221 taxable year is less than one hundred fifty thousand dollars:

T12	Federal Adjusted Gross Income	Deduction
T13	Less than \$100,000	100.0%
T14	\$100,000 but not over \$104,999	85.0%
T15	\$105,000 but not over \$109,999	70.0%

T16	\$110,000 but not over \$114,999	55.0%
T17	\$115,000 but not over \$119,999	40.0%
T18	\$120,000 but not over \$124,999	25.0%
T19	\$125,000 but not over \$129,999	10.0%
T20	\$130,000 but not over \$139,999	5.0%
T21	\$140,000 but not over \$149,999	2.5%
T22	\$150,000 and over	0.0%

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

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

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

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

243 (xxvii) To the extent properly includable in gross income for federal
 244 income tax purposes, for a person who files a return under the federal
 245 income tax as an unmarried individual whose federal adjusted gross

246 income for such taxable year is less than seventy-five thousand dollars,
 247 or as a married individual filing separately whose federal adjusted gross
 248 income for such taxable year is less than seventy-five thousand dollars,
 249 or as a head of household whose federal adjusted gross income for such
 250 taxable year is less than seventy-five thousand dollars, or for a husband
 251 and wife who file a return under the federal income tax as married
 252 individuals filing jointly whose federal adjusted gross income for such
 253 taxable year is less than one hundred thousand dollars, for the taxable
 254 year commencing January 1, 2023, twenty-five per cent of any
 255 distribution from an individual retirement account other than a Roth
 256 individual retirement account;

257 (xxviii) To the extent properly includable in gross income for federal
 258 income tax purposes, for a person who files a return under the federal
 259 income tax as an unmarried individual whose federal adjusted gross
 260 income for such taxable year is less than one hundred thousand dollars,
 261 or as a married individual filing separately whose federal adjusted gross
 262 income for such taxable year is less than one hundred thousand dollars,
 263 or as a head of household whose federal adjusted gross income for such
 264 taxable year is less than one hundred thousand dollars, (I) for the taxable
 265 year commencing January 1, 2024, fifty per cent of any distribution from
 266 an individual retirement account other than a Roth individual
 267 retirement account, (II) for the taxable year commencing January 1, 2025,
 268 seventy-five per cent of any distribution from an individual retirement
 269 account other than a Roth individual retirement account, and (III) for
 270 the taxable year commencing January 1, 2026, and each taxable year
 271 thereafter, any distribution from an individual retirement account other
 272 than a Roth individual retirement account. The subtraction under this
 273 clause shall be made in accordance with the following schedule:

T23	Federal Adjusted Gross Income	Deduction
T24	Less than \$75,000	100.0%
T25	\$75,000 but not over \$77,499	85.0%
T26	\$77,500 but not over \$79,999	70.0%
T27	\$80,000 but not over \$82,499	55.0%

T28	\$82,500 but not over \$84,999	40.0%
T29	\$85,000 but not over \$87,499	25.0%
T30	\$87,500 but not over \$89,999	10.0%
T31	\$90,000 but not over \$94,999	5.0%
T32	\$95,000 but not over \$99,999	2.5%
T33	\$100,000 and over	0.0%

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

T34	Federal Adjusted Gross Income	Deduction
T35	Less than \$100,000	100.0%
T36	\$100,000 but not over \$104,999	85.0%
T37	\$105,000 but not over \$109,999	70.0%
T38	\$110,000 but not over \$114,999	55.0%
T39	\$115,000 but not over \$119,999	40.0%
T40	\$120,000 but not over \$124,999	25.0%
T41	\$125,000 but not over \$129,999	10.0%
T42	\$130,000 but not over \$139,999	5.0%
T43	\$140,000 but not over \$149,999	2.5%
T44	\$150,000 and over	0.0%

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

298 (xxxi) For the taxable year commencing January 1, 2023, and each
299 taxable year thereafter, for a taxpayer licensed under the provisions of
300 chapter 420f or 420h, the amount of ordinary and necessary expenses
301 that would be eligible to be claimed as a deduction for federal income
302 tax purposes under Section 162(a) of the Internal Revenue Code but that
303 are disallowed under Section 280E of the Internal Revenue Code
304 because marijuana is a controlled substance under the federal
305 Controlled Substance Act;

306 (xxxii) To the extent properly includable in gross income for federal
307 income tax purposes, for the taxable year commencing on or after
308 January 1, 2025, and each taxable year thereafter, any common stock
309 received by the taxpayer during the taxable year under a share plan, as
310 defined in section 12-217ss;

311 (xxxiii) To the extent properly includable in gross income for federal
312 income tax purposes, the amount of any student loan reimbursement
313 payment received by a taxpayer pursuant to section 10a-19m;

314 (xxxiv) Contributions to an ABLE account established pursuant to
315 sections 3-39k to 3-39q, inclusive, not to exceed five thousand dollars for
316 each individual taxpayer or ten thousand dollars for taxpayers filing a
317 joint return; [and]

318 (xxxv) To the extent properly includable in gross income for federal
319 income tax purposes, the amount of any payment received pursuant to

320 subsection (c) of section 3-122a; and

321 (xxxvi) To the extent properly includable in gross income for federal
 322 income tax purposes, any qualified payment, as defined in Section 139B
 323 of the Internal Revenue Code, not to exceed two thousand dollars in the
 324 aggregate.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2025</i>	12-81x
Sec. 2	<i>January 1, 2026, and applicable to taxable years commencing on or after January 1, 2026</i>	12-701(a)(20)(B)

PS *Joint Favorable C/R*

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FIN *Joint Favorable*