



General Assembly

February Session, 2022

Raised Bill No. 5489

LCO No. 3428



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT CONCERNING THE INDEXING OF CERTAIN PERSONAL INCOME TAX THRESHOLDS AND EXEMPTION AMOUNTS.

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

1 Section 1. Subdivisions (9) and (10) of subsection (a) of section 12-700
2 of the general statutes are repealed and the following is substituted in
3 lieu thereof (*Effective from passage*):

4 (9) For taxable years commencing on or after January 1, 2015, in
5 accordance with the following schedule and, for taxable years
6 commencing on or after January 1, 2023, subject to the provisions of
7 subdivision (10) of this subsection:

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

T1	Connecticut Taxable Income	Rate of Tax
T2	Not over \$10,000	3.0%
T3	Over \$10,000 but not	\$300.00, plus 5.0% of the

T4	over \$50,000	excess over \$10,000
T5	Over \$50,000 but not	\$2,300, plus 5.5% of the
T6	over \$100,000	excess over \$50,000
T7	Over \$100,000 but not	\$5,050, plus 6.0% of the
T8	over \$200,000	excess over \$100,000
T9	Over \$200,000 but not	\$11,050, plus 6.5% of the
T10	over \$250,000	excess over \$200,000
T11	Over \$250,000 but not	\$14,300, plus 6.9% of the
T12	over \$500,000	excess over \$250,000
T13	Over \$500,000	\$31,550, plus 6.99% of the
T14		excess over \$500,000

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

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

28 (iv) Each taxpayer whose Connecticut adjusted gross income exceeds
29 five hundred thousand dollars shall pay, in addition to the tax
30 computed under the provisions of subparagraphs (A)(i), (A)(ii) and
31 (A)(iii) of this subdivision, an amount equal to fifty dollars for each five

32 thousand dollars, or fraction thereof, by which the taxpayer's
 33 Connecticut adjusted gross income exceeds five hundred thousand
 34 dollars, up to a maximum payment of four hundred fifty dollars.

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

T15	Connecticut Taxable Income	Rate of Tax
T16	Not over \$16,000	3.0%
T17	Over \$16,000 but not	\$480.00, plus 5.0% of the
T18	over \$80,000	excess over \$16,000
T19	Over \$80,000 but not	\$3,680, plus 5.5% of the
T20	over \$160,000	excess over \$80,000
T21	Over \$160,000 but not	\$8,080, plus 6.0% of the
T22	over \$320,000	excess over \$160,000
T23	Over \$320,000 but not	\$17,680, plus 6.5% of the
T24	over \$400,000	excess over \$320,000
T25	Over \$400,000 but not	\$22,880, plus 6.9% of the
T26	over \$800,000	excess over \$400,000
T27	Over \$800,000	\$50,480, plus 6.99% of the
T28		excess over \$800,000

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

48 (iii) Each taxpayer whose Connecticut adjusted gross income exceeds
 49 three hundred twenty thousand dollars shall pay, in addition to the tax

50 computed under the provisions of subparagraphs (B)(i) and (B)(ii) of
 51 this subdivision, an amount equal to one hundred forty dollars for each
 52 eight thousand dollars, or fraction thereof, by which the taxpayer's
 53 Connecticut adjusted gross income exceeds three hundred twenty
 54 thousand dollars, up to a maximum payment of four thousand two
 55 hundred dollars.

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

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

T29	Connecticut Taxable Income	Rate of Tax
T30	Not over \$20,000	3.0%
T31	Over \$20,000 but not	\$600.00, plus 5.0% of the
T32	over \$100,000	excess over \$20,000
T33	Over \$100,000 but not	\$4,600, plus 5.5% of the
T34	over \$200,000	excess over \$100,000
T35	Over \$200,000 but not	\$10,100, plus 6.0% of the
T36	over \$400,000	excess over \$200,000
T37	Over \$400,000 but not	\$22,100, plus 6.5% of the
T38	over \$500,000	excess over \$400,000
T39	Over \$500,000 but not	\$28,600, plus 6.9% of the
T40	over \$1,000,000	excess over \$500,000
T41	Over \$1,000,000	\$63,100, plus 6.99% of the
T42		excess over \$1,000,000

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

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

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

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

T43	Connecticut Taxable Income	Rate of Tax
T44	Not over \$10,000	3.0%
T45	Over \$10,000 but not	\$300.00, plus 5.0% of the
T46	over \$50,000	excess over \$10,000

T47	Over \$50,000 but not	\$2,300, plus 5.5% of the
T48	over \$100,000	excess over \$50,000
T49	Over \$100,000 but not	\$5,050, plus 6.0% of the
T50	over \$200,000	excess over \$100,000
T51	Over \$200,000 but not	\$11,050, plus 6.5% of the
T52	over \$250,000	excess over \$200,000
T53	Over \$250,000 but not	\$14,300, plus 6.9% of the
T54	over \$500,000	excess over \$250,000
T55	Over \$500,000	\$31,550, plus 6.99% of the
T56		excess over \$500,000

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

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

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

118 Connecticut adjusted gross income exceeds five hundred thousand
119 dollars, up to a maximum payment of four hundred fifty dollars.

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

122 (10) (A) For taxable years commencing on or after January 1, 2023, but
123 prior to January 1, 2024, the following shall be adjusted by the
124 percentage increase in inflation and rounded to the nearest dollar:

125 (i) The Connecticut taxable income brackets set forth in
126 subparagraphs (A)(i), (B)(i), (C)(i) and (D)(i) of subdivision (9) of this
127 subsection; and

128 (ii) The Connecticut adjusted gross income thresholds set forth in
129 subparagraphs (A)(ii) to (A)(iv), inclusive, (B)(ii) to (B)(iv), inclusive,
130 (C)(ii) to (C)(iv), inclusive, and (D)(ii) to (D)(iv), inclusive, of subdivision
131 (9) of this subsection.

132 (B) For taxable years commencing on or after January 1, 2024, the
133 income brackets and the income thresholds calculated for the preceding
134 taxable year shall be adjusted annually by the percentage increase in
135 inflation and rounded to the nearest dollar.

136 (C) As used in this subdivision, "increase in inflation" means the
137 increase in the chained consumer price index for all urban consumers
138 during the preceding year, calculated on an August over August basis,
139 using data reported by the United States Bureau of Labor Statistics.

140 [(10)] (11) The provisions of this subsection shall apply to resident
141 trusts and estates and, wherever reference is made in this subsection to
142 residents of this state, such reference shall be construed to include
143 resident trusts and estates, provided any reference to a resident's
144 Connecticut adjusted gross income derived from sources without this
145 state or to a resident's Connecticut adjusted gross income shall be
146 construed, in the case of a resident trust or estate, to mean the resident
147 trust or estate's Connecticut taxable income derived from sources

148 without this state and the resident trust or estate's Connecticut taxable
149 income, respectively.

150 Sec. 2. Section 12-702 of the general statutes is repealed and the
151 following is substituted in lieu thereof (*Effective from passage*):

152 (a) (1) (A) Any person, other than a trust or estate, subject to the tax
153 under this chapter for any taxable year who files under the federal
154 income tax for such taxable year as a married individual filing
155 separately or, for taxable years commencing prior to January 1, 2000,
156 who files income tax for such taxable year as an unmarried individual
157 shall be entitled to a personal exemption of twelve thousand dollars in
158 determining Connecticut taxable income for purposes of this chapter.

159 (B) In the case of any such taxpayer whose Connecticut adjusted gross
160 income for the taxable year exceeds twenty-four thousand dollars, the
161 exemption amount shall be reduced by one thousand dollars for each
162 one thousand dollars, or fraction thereof, by which the taxpayer's
163 Connecticut adjusted gross income for the taxable year exceeds said
164 amount. In no event shall the reduction exceed one hundred per cent of
165 the exemption.

166 (C) (i) For taxable years commencing on or after January 1, 2023, but
167 prior to January 1, 2024, the personal exemption amount set forth in
168 subparagraph (A) of this subdivision and the Connecticut adjusted
169 gross income threshold set forth in subparagraph (B) of this subdivision
170 shall be adjusted by the percentage increase in inflation and rounded to
171 the nearest dollar. In the case of any such taxpayer whose Connecticut
172 adjusted gross income for the taxable year exceeds the income threshold
173 as adjusted pursuant to this clause, the exemption amount shall be
174 reduced by one thousand dollars for each one thousand dollars, or
175 fraction thereof, by which the taxpayer's Connecticut adjusted gross
176 income for the taxable year exceeds such income threshold. In no event
177 shall the reduction exceed one hundred per cent of the exemption.

178 (ii) For taxable years commencing on or after January 1, 2024, the
179 personal exemption amount and the income threshold calculated for the

180 preceding taxable year shall be adjusted annually by the percentage
181 increase in inflation and rounded to the nearest dollar. In the case of any
182 such taxpayer whose Connecticut adjusted gross income for the taxable
183 year exceeds the income threshold as adjusted pursuant to this clause,
184 the exemption amount shall be reduced by one thousand dollars for
185 each one thousand dollars, or fraction thereof, by which the taxpayer's
186 Connecticut adjusted gross income for the taxable year exceeds such
187 income threshold. In no event shall the reduction exceed one hundred
188 per cent of the exemption.

189 (2) For taxable years commencing on or after January 1, 2000, any
190 person, other than a trust or estate, subject to the tax under this chapter
191 for any taxable year who files under the federal income tax for such
192 taxable year as an unmarried individual shall be entitled to a personal
193 exemption in determining Connecticut taxable income for purposes of
194 this chapter as follows:

195 (A) For taxable years commencing on or after January 1, 2000, but
196 prior to January 1, 2001, twelve thousand two hundred fifty dollars. In
197 the case of any such taxpayer whose Connecticut adjusted gross income
198 for the taxable year exceeds twenty-four thousand five hundred dollars,
199 the exemption amount shall be reduced by one thousand dollars for
200 each one thousand dollars, or fraction thereof, by which the taxpayer's
201 Connecticut adjusted gross income for the taxable year exceeds said
202 amount. In no event shall the reduction exceed one hundred per cent of
203 the exemption;

204 (B) For taxable years commencing on or after January 1, 2001, but
205 prior to January 1, 2004, twelve thousand five hundred dollars. In the
206 case of any such taxpayer whose Connecticut adjusted gross income for
207 the taxable year exceeds twenty-five thousand dollars, the exemption
208 amount shall be reduced by one thousand dollars for each one thousand
209 dollars, or fraction thereof, by which the taxpayer's Connecticut
210 adjusted gross income for the taxable year exceeds said amount. In no
211 event shall the reduction exceed one hundred per cent of the exemption;

212 (C) For taxable years commencing on or after January 1, 2004, but
213 prior to January 1, 2007, twelve thousand six hundred twenty-five
214 dollars. In the case of any such taxpayer whose Connecticut adjusted
215 gross income for the taxable year exceeds twenty-five thousand two
216 hundred fifty dollars, the exemption amount shall be reduced by one
217 thousand dollars for each one thousand dollars, or fraction thereof, by
218 which the taxpayer's Connecticut adjusted gross income for the taxable
219 year exceeds said amount. In no event shall the reduction exceed one
220 hundred per cent of the exemption;

221 (D) For taxable years commencing on or after January 1, 2007, but
222 prior to January 1, 2008, twelve thousand seven hundred fifty dollars.
223 In the case of any such taxpayer whose Connecticut adjusted gross
224 income for the taxable year exceeds twenty-five thousand five hundred
225 dollars, the exemption amount shall be reduced by one thousand dollars
226 for each one thousand dollars, or fraction thereof, by which the
227 taxpayer's Connecticut adjusted gross income for the taxable year
228 exceeds said amount. In no event shall the reduction exceed one
229 hundred per cent of the exemption;

230 (E) For taxable years commencing on or after January 1, 2008, but
231 prior to January 1, 2012, thirteen thousand dollars. In the case of any
232 such taxpayer whose Connecticut adjusted gross income for the taxable
233 year exceeds twenty-six thousand dollars, the exemption amount shall
234 be reduced by one thousand dollars for each one thousand dollars, or
235 fraction thereof, by which the taxpayer's Connecticut adjusted gross
236 income for the taxable year exceeds said amount. In no event shall the
237 reduction exceed one hundred per cent of the exemption;

238 (F) For taxable years commencing on or after January 1, 2012, but
239 prior to January 1, 2013, thirteen thousand five hundred dollars. In the
240 case of any such taxpayer whose Connecticut adjusted gross income for
241 the taxable year exceeds twenty-seven thousand dollars, the exemption
242 amount shall be reduced by one thousand dollars for each one thousand
243 dollars, or fraction thereof, by which the taxpayer's Connecticut
244 adjusted gross income for the taxable year exceeds said amount. In no

245 event shall the reduction exceed one hundred per cent of the exemption;

246 (G) For taxable years commencing on or after January 1, 2013, but
247 prior to January 1, 2014, fourteen thousand dollars. In the case of any
248 such taxpayer whose Connecticut adjusted gross income for the taxable
249 year exceeds twenty-eight thousand dollars, the exemption amount
250 shall be reduced by one thousand dollars for each one thousand dollars,
251 or fraction thereof, by which the taxpayer's Connecticut adjusted gross
252 income for the taxable year exceeds said amount. In no event shall the
253 reduction exceed one hundred per cent of the exemption;

254 (H) For taxable years commencing on or after January 1, 2014, but
255 prior to January 1, 2016, fourteen thousand five hundred dollars. In the
256 case of any such taxpayer whose Connecticut adjusted gross income for
257 the taxable year exceeds twenty-nine thousand dollars, the exemption
258 amount shall be reduced by one thousand dollars for each one thousand
259 dollars, or fraction thereof, by which the taxpayer's Connecticut
260 adjusted gross income for the taxable year exceeds said amount. In no
261 event shall the reduction exceed one hundred per cent of the exemption;

262 (I) For taxable years commencing on or after January 1, 2016, but prior
263 to January 1, 2023, fifteen thousand dollars. In the case of any such
264 taxpayer whose Connecticut adjusted gross income for the taxable year
265 exceeds thirty thousand dollars, the exemption amount shall be reduced
266 by one thousand dollars for each one thousand dollars, or fraction
267 thereof, by which the taxpayer's Connecticut adjusted gross income for
268 the taxable year exceeds said amount. In no event shall the reduction
269 exceed one hundred per cent of the exemption; [.]

270 (J) (i) For taxable years commencing on or after January 1, 2023, but
271 prior to January 1, 2024, the personal exemption amount and the
272 Connecticut adjusted gross income threshold set forth in subparagraph
273 (I) of this subdivision shall be adjusted by the percentage increase in
274 inflation and rounded to the nearest dollar. In the case of any such
275 taxpayer whose Connecticut adjusted gross income for the taxable year
276 exceeds the income threshold as adjusted pursuant to this clause, the

277 exemption amount shall be reduced by one thousand dollars for each
278 one thousand dollars, or fraction thereof, by which the taxpayer's
279 Connecticut adjusted gross income for the taxable year exceeds such
280 income threshold. In no event shall the reduction exceed one hundred
281 per cent of the exemption;

282 (ii) For taxable years commencing on or after January 1, 2024, the
283 personal exemption amount and the income threshold calculated for the
284 preceding taxable year shall be adjusted annually by the percentage
285 increase in inflation and rounded to the nearest dollar. In the case of any
286 such taxpayer whose Connecticut adjusted gross income for the taxable
287 year exceeds the income threshold as adjusted pursuant to this clause,
288 the exemption amount shall be reduced by one thousand dollars for
289 each one thousand dollars, or fraction thereof, by which the taxpayer's
290 Connecticut adjusted gross income for the taxable year exceeds such
291 income threshold. In no event shall the reduction exceed one hundred
292 per cent of the exemption.

293 (b) (1) Any person subject to tax under this chapter who files a return
294 under the federal income tax for such taxable year as a head of
295 household, as defined in Section 2(b) of the Internal Revenue Code, shall
296 be entitled to a personal exemption of nineteen thousand dollars in
297 determining Connecticut taxable income for purposes of this chapter.

298 (2) In the case of any such taxpayer whose Connecticut adjusted gross
299 income for the taxable year exceeds thirty-eight thousand dollars, the
300 exemption amount shall be reduced by one thousand dollars for each
301 one thousand dollars, or fraction thereof, by which the taxpayer's
302 Connecticut adjusted gross income for the taxable year exceeds the said
303 amount. In no event shall the reduction exceed one hundred per cent of
304 the exemption.

305 (3) (A) For taxable years commencing on or after January 1, 2023, but
306 prior to January 1, 2024, the personal exemption amount set forth in
307 subdivision (1) of this subsection and the Connecticut adjusted gross
308 income threshold set forth in subdivision (2) of this subsection shall be

309 adjusted by the percentage increase in inflation and rounded to the
310 nearest dollar. In the case of any such taxpayer whose Connecticut
311 adjusted gross income for the taxable year exceeds the income threshold
312 as adjusted pursuant to this subparagraph, the exemption amount shall
313 be reduced by one thousand dollars for each one thousand dollars, or
314 fraction thereof, by which the taxpayer's Connecticut adjusted gross
315 income for the taxable year exceeds such income threshold. In no event
316 shall the reduction exceed one hundred per cent of the exemption.

317 (B) For taxable years commencing on or after January 1, 2024, the
318 personal exemption amount and the income threshold calculated for the
319 preceding taxable year shall be adjusted annually by the percentage
320 increase in inflation and rounded to the nearest dollar. In the case of any
321 such taxpayer whose Connecticut adjusted gross income for the taxable
322 year exceeds the income threshold as adjusted pursuant to this
323 subparagraph, the exemption amount shall be reduced by one thousand
324 dollars for each one thousand dollars, or fraction thereof, by which the
325 taxpayer's Connecticut adjusted gross income for the taxable year
326 exceeds such income threshold. In no event shall the reduction exceed
327 one hundred per cent of the exemption.

328 (c) (1) Any husband and wife subject to tax under this chapter for any
329 taxable year who file a return under the federal income tax for such
330 taxable year as married individuals filing a joint return or any person
331 who files a return for such taxable year as a surviving spouse, as defined
332 in Section 2(a) of the Internal Revenue Code, shall be entitled to a single
333 personal exemption of twenty-four thousand dollars in determining
334 Connecticut taxable income for purposes of this chapter. Any husband
335 and wife who elect to file a joint return under the federal income tax for
336 any taxable year shall be required to file jointly with respect to such
337 taxable year for purposes of this chapter, in which event their tax
338 liability under this chapter shall be joint and several, except as otherwise
339 provided in section 12-702a, and any husband and wife who elect to file
340 separately under the federal income tax for any taxable year shall be
341 required to file separately with respect to such taxable year for purposes
342 of this chapter, provided (A) if either the husband or wife is a resident

343 and the other is a nonresident, separate taxes shall be determined on
344 their separate Connecticut taxable incomes on separate forms as
345 married individuals filing separately unless such husband and wife
346 determine their federal taxable income jointly and both elect to
347 determine their joint Connecticut taxable income as if both were
348 residents, or (B) if any husband and wife, both of whom are
349 nonresidents, elect to file a joint return under the federal income tax for
350 any taxable year and only one of them has income derived from or
351 connected with sources within this state during such taxable year, only
352 the spouse with income derived from or connected with sources within
353 this state shall be required to file a return in this state and, if only the
354 spouse with income derived from or connected with this state files such
355 a return in this state, a separate tax shall be determined on such spouse's
356 separate Connecticut taxable income as a married individual filing
357 separately unless such husband and wife both elect to determine their
358 joint Connecticut taxable income as if both had income derived from or
359 connected with sources within this state.

360 (2) In the case of any such taxpayer whose Connecticut adjusted gross
361 income for the taxable year exceeds forty-eight thousand dollars, the
362 exemption amount shall be reduced by one thousand dollars for each
363 one thousand dollars, or fraction thereof, by which the taxpayer's
364 Connecticut adjusted gross income for the taxable year exceeds the said
365 amount. In no event shall the reduction exceed one hundred per cent of
366 the exemption.

367 (3) (A) For taxable years commencing on or after January 1, 2023, but
368 prior to January 1, 2024, the personal exemption amount set forth in
369 subdivision (1) of this subsection and the Connecticut adjusted gross
370 income threshold set forth in subdivision (2) of this subsection shall be
371 adjusted by the percentage increase in inflation and rounded to the
372 nearest dollar. In the case of any such taxpayer whose Connecticut
373 adjusted gross income for the taxable year exceeds the income threshold
374 as adjusted pursuant to this subparagraph, the exemption amount shall
375 be reduced by one thousand dollars for each one thousand dollars, or
376 fraction thereof, by which the taxpayer's Connecticut adjusted gross

377 income for the taxable year exceeds such income threshold. In no event
378 shall the reduction exceed one hundred per cent of the exemption.

379 (B) For taxable years commencing on or after January 1, 2024, the
380 personal exemption amount and the income threshold calculated for the
381 preceding taxable year shall be adjusted annually by the percentage
382 increase in inflation and rounded to the nearest dollar. In the case of any
383 such taxpayer whose Connecticut adjusted gross income for the taxable
384 year exceeds the income threshold as adjusted pursuant to this
385 subparagraph, the exemption amount shall be reduced by one thousand
386 dollars for each one thousand dollars, or fraction thereof, by which the
387 taxpayer's Connecticut adjusted gross income for the taxable year
388 exceeds such income threshold. In no event shall the reduction exceed
389 one hundred per cent of the exemption.

390 (d) As used in this section, "increase in inflation" has the same
391 meaning as provided in subdivision (10) of section 12-700, as amended
392 by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-700(a)(9) and (10)
Sec. 2	<i>from passage</i>	12-702

Statement of Purpose:
To require certain personal income tax thresholds and exemption amounts to be indexed to inflation.

[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.]