



Substitute Senate Bill No. 1

Public Act No. 10-45

***AN ACT CONCERNING THE PRESERVATION AND CREATION OF
JOBS IN CONNECTICUT.***

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

Section 1. Subsection (b) of section 12-284b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1, 2010*):

(b) (1) Each limited liability company, limited liability partnership, limited partnership and S corporation shall be liable for the tax imposed by this section for each taxable year or portion thereof that such company, partnership or corporation is an affected business entity. Each affected business entity shall annually, on or before the fifteenth day of the fourth month following the close of its taxable year, pay to the Commissioner of Revenue Services a tax in the amount of two hundred fifty dollars.

(2) (A) For the taxable year commencing on January 1, 2010, and prior to December 31, 2010, the provisions of this section shall not apply to any affected business entity that (i) reports net income on the return required pursuant to section 12-726 of fifty thousand dollars or less, and (ii) employed at least one full-time employee in this state for

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not less than eight consecutive months during the taxable year commencing January 1, 2010, and prior to December 31, 2010;

(B) For the taxable year commencing on January 1, 2011, and prior to December 31, 2011, the provisions of this section shall not apply to any affected business entity that (i) reports net income on the return required pursuant to section 12-726 of fifty thousand dollars or less, and (ii) employed at least one full-time employee in this state for not less than eight consecutive months during the taxable year commencing January 1, 2011, and prior to December 31, 2011; and

(C) For purposes of this subdivision, "full-time employee" means an employee or member or partner who is paid to work thirty-five hours or more per week.

Sec. 2. (NEW) *(Effective from passage and applicable to taxable years commencing on or after January 1, 2010)* (a) For purposes of this section:

(1) "TARP bonus" means an aggregate disqualified bonus of five hundred thousand dollars or more received from covered TARP recipients, where such bonus represents a payment received in the taxable year commencing January 1, 2010, and prior to December 31, 2010, or January 1, 2011, and prior to December 31, 2011, or award for work performed during the taxable year commencing January 1, 2010, and prior to December 31, 2010, or January 1, 2011, and prior to December 31, 2011. "TARP bonus" includes, but is not limited to, cash, loans, payments received in a medium other than cash, or arrangements for future payments.

(2) "Covered TARP recipient" means (A) any entity that received funds directly from the federal Troubled Assets Relief Program established pursuant to P.L. 110-343, (B) any entity that is a member of the same affiliated group, as defined in Section 1504 of the Internal Revenue Code of 1986, or any subsequent corresponding internal

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revenue code of the United States, as amended from time to time, as an entity, association or corporation described in subparagraph (A) of this subdivision, and (C) any partnership, if more than fifty per cent of the capital or profits interests of such partnership are owned, directly or indirectly, by one or more entities, associations or corporations described in subparagraph (A) or (B) of this subdivision.

(3) "Disqualified bonus" means any retention payment, incentive payment or other bonus paid by a covered TARP recipient that is in addition to any amount payable to a taxpayer for services performed by such taxpayer at a regular hourly, daily, weekly, monthly or similar periodic rate. "Disqualified bonus" does not include commissions, welfare or fringe benefits or expense reimbursements.

(4) "TARP" means the federal Troubled Assets Relief Program established under P.L. 110-343.

(5) "Taxpayer" means any person, trust or estate subject to the tax imposed by chapter 229 of the general statutes.

(b) Notwithstanding the provisions of section 12-700 of the general statutes, for taxable years commencing on January 1, 2010, and January 1, 2011, a taxpayer who receives a TARP bonus shall pay a tax on such bonus at a rate of eight and ninety-seven-hundredths per cent. Such TARP bonus shall not be subject to the provisions of section 12-700 of the general statutes, but any income received by such taxpayer in addition to such TARP bonus shall continue to be subject to the provisions of section 12-700 of the general statutes.

(c) The provisions of this section shall not apply to a taxpayer who irrevocably waives his or her right to the full amount of a TARP bonus or returns the full amount of such bonus to the covered TARP recipient prior to December thirty-first of the applicable taxable year, provided the taxpayer receives no benefit from the covered TARP recipient in

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connection with the waiver or return of such bonus.

(d) Any reimbursement to a taxpayer by a covered TARP recipient of the tax imposed by this section shall be treated as a disqualified bonus to the taxpayer liable for such tax.

(e) The provisions of this section shall apply to any bonus received by a taxpayer from a covered TARP recipient, regardless of whether such covered TARP recipient has repaid in full or in part to the federal government any funds received pursuant to the Troubled Assets Relief Program.

(f) Any covered TARP recipient that pays or awards a TARP bonus of one million dollars or more during the taxable years commencing January 1, 2010, and January 1, 2011, shall comply with the provisions of sections 12-705 and 12-706 of the general statutes, as applicable.

Sec. 3. Subdivision (8) of subsection (a) of section 12-701 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1, 2010*):

(8) "Connecticut taxable income of a resident" means the Connecticut adjusted gross income of a natural person with respect to any taxable year reduced by (A) the amount of the exemption provided in section 12-702, and (B) for applicable taxable years, the amount of any TARP bonus, as defined in section 2 of this act.

Vetoed May 19, 2010