

## NEWS ALERT

### TRUSTS & ESTATES



## Gift Tax Repeal Not Part of Connecticut's Budget Deal

By Suzanne Brown Walsh and Patrick D. Coughlin | June 4, 2019

*Be not the first by whom the new are tried,  
Nor yet the last to lay the old aside.<sup>1</sup>*

Until last week, the Connecticut General Assembly appeared very close to relieving Connecticut of the distinction of being the only state that imposes a gift tax. However, it seems Connecticut will carry that mantle for the foreseeable future.

Earlier this year, Governor Ned Lamont presented his first budget proposal, Governor's Bill 877, at the state Capitol, which included a repeal of the Connecticut gift tax retroactive to January 1, 2019, and would have limited federally taxable gifts includable in the Connecticut taxable estate to those made within three years of death. Although the gift tax repeal survived initial budget negotiations and was included in Substitute Senate Bill 877, it failed to make it into [Bill 7424](#), the tentative two-year budget that was released on Sunday, June 2, 2019.

Two other helpful revisions to Connecticut transfer tax laws did not make the final bill or the deal. The first was a provision confirming that the definition of "federal basic exclusion amount" for Connecticut estate tax purposes would be adjusted annually for inflation. The second would have extended the due date for filing the Connecticut estate tax return and paying the Connecticut estate tax from 6 to 9 months after date of death—a change which would have matched federal law. As a result, the 6 month deadline will remain a trap for the unwary.

Minnesota, the other remaining holdout, repealed its gift tax as of 2013, following Tennessee (2012), North Carolina (2009), and Louisiana (2008). Neighboring states New York and Massachusetts do not impose a gift tax; the former having repealed its gift tax as of 2000.

The omission of the gift tax repeal received little attention in reports of the budget negotiations. Only time will tell if Connecticut will ever be the last state to "lay the old aside" and join the other 49 without a state gift tax.

*For questions, please contact your Murtha Cullina estate planning attorney.*

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