



CLIENT ALERT - CONNECTICUT'S CHANGES TO ESTATE AND GIFT TAX EXEMPTIONS - CONFIRMED!

March 11, 2019

In 2019, the Connecticut exemption amount from estate and gift tax has been increased from its prior level of \$2,600,000 per individual to \$3,600,000. As we have reported, there has been some confusion as to what is to occur in 2020 and future years because in May of 2018, Governor Dannel P. Malloy and the Connecticut legislature enacted two different bills with respect to the Connecticut estate and gift tax. Senate Bill 11 was passed by the Connecticut House of Representatives and signed by the Governor which would cap the Connecticut exemption amount at \$5,490,000 as of January 1, 2020 and succeeding years rather than matching the federal exemption of \$10,000,000 indexed for inflation beginning on January 1, 2020. This bill was passed by the Connecticut House of Representatives on **May 9, 2018 at 10:42 p.m.**

However, 39 minutes later, Senate Bill 543 passed the Connecticut House of Representatives and was later signed by the Governor. Senate Bill 543 was passed on **May 9, 2018 at 11:21 p.m.** Senate Bill 543 would raise the Connecticut estate and gift tax exemption more dramatically over a period of years. Under this Bill, the Connecticut exemption amount will be \$5,100,000 in 2020, \$7,100,000 in 2021, \$9,100,000 in 2022 and will match the federal exemption amount effective January 1, 2023.

Due to the conflict in the two Senate Bills, the Legislative Commissioner's Office which resolves legislative conflict and publishes the official laws of Connecticut was expected to rule that Senate Bill 543 will be the governing law as it was passed by the House of Representatives later than Senate Bill 11. C.G.S. Section 2-20b indicates that such conflicts shall be resolved by using the act which is passed last in the second house of the General Assembly. With the publishing of the Connecticut statutes for 2018, we can now confirm that Senate Bill 543 will be the law of land.

The Connecticut estate and gift tax exemptions will be as follows:

2019 - \$3,600,000

2020 - \$5,100,000

2021 - \$7,100,000

2022 - \$9,100,000

2023 and beyond – equal to the federal exemption amount whatever that may be

It is important to note that Governor Ned Lamont proposed budget titled "A Path Forward" for Fiscal Year 2020 and 2021 was announced on February 20, 2019 (the "Proposed Budget"). The Proposed Budget would eliminate the Connecticut gift tax and confirm the estate tax exemptions described above.