

Legislative History for Connecticut Act

HB 228	(PA 228)	1945
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Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate and House of Representatives Proceedings

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two-thirds or not, but easily adopted by any other By-Law. To be approval of the stockholders would be the meeting of the stockholders and those present constituting at least a quorum, although on occasions I have gone by By-Laws, couldn't be adopted unless by two-thirds and no necessity for changing unless reason for changing the language.

Chr. RisCassi: Any one else opposed to H. B. 221 ?

H. B. 174 (Rep. Mullen) AN ACT CONCERNING AMOUNT OF TAX; ABATEMENT; WAIVER ON UNINCORPORATED BUSINESS, any for ? Any opposed to H. B. 174 ? If not the hearing is closed.

H. B. 175 (Rep. Hickey) AN ACT CONCERNING LIMITED PARTNERSHIPS, any one for or against H. B. 175 ? If not the hearing is closed.

H. B. 228 (Rep. Pruyn) AN ACT CONCERNING APPORTIONMENT OF FEDERAL AND STATE ESTATE TAXES AMONG THE PERSONS INTERESTED IN THE ESTATE, any one for ?

Mr. Drew: Harold Drew, of Derby. I am here merely because I am recently elected Chairman of the Probate Section of the State Bar Association. That Section has discussed the problem raised and sought to be cured by this Bill over a period of a couple of years and has gone on record as being in favor of immediate regulation of this character. The remedy sought to be accomplished there goes to situations which arise under the Federal State Tax Law. Now I understand Mr. Dauch is here from the Tax Department and he sees some difficulty in the administration and he probably will explain to you what those difficulties appear to him. I haven't studied his objections, but my curbstone opinion I think he sees ghosts in the Bill which are not there and I don't know, but he can speak for himself. Now it is a very very serious matter and it is constantly arising.

Rep. Burke: This applies to insurance trust also ?

Mr. Drew: It will not apply to insurance trust, because already taken care of by Federal law, is that correct Mr. Dauch ?

Mr. Dauch: I think that is correct.

Rep. Shapiro: Any one else in favor of H. B. 228 ?

Mr. Cooper: Mr. Chairman, Mr. Cooper, I am from New Haven. I am appearing here for myself. I am executor of the estate which is faced with a very serious situation, which I think to be corrected by a Bill of this type and simply one in which the estate is perhaps a fifth or sixth of the total amount to be taxed by the Federal Government, and testator in Will expressed a particular desire that taxes mentioned be taken out of everything else except her homestead, real estate and her personal property in the home before those things were taken. It can't be done under our Connecticut cases.

Rep. Sullivan: If there is no provision in the Will one way or the other as to payment of these taxes, does this Bill apply?

Mr. Cooper: This Bill applies if there is no provision in the Will one way or the other as to proration and the testator has perfect liberty to say his taxes should be paid out of residue or taxes made out of respective gifts or to make his desires as to how the taxes will be borne any way he wants to. If he doesn't make any such provision this Act will prorate it and equitable I say.

Rep. Shapiro: Any one else in favor of this Bill 228? Any one opposed?

Mr. Dauch: Mr. Chairman, Fred Dauch, State Tax Department. I will try to tell you about these ghosts Mr. Drew already mentioned. I think this is a good Bill and there is no doubt it will correct the harsh situations that both Mr. Drew and Mr. Cooper spoke about. The only objection that I could think of to the Bill might be the receiver himself is in control of it and he can place the burden better than State Tax, better than any one else, but the particular interest of the State in tax is the effect it might have on competition of our suction tax. Now the Federal State tax is a deductible item with the purpose of deducting the suction and no amount is deductible except that portion which applies to real estate and chargeable property located outside of the State of Connecticut. Now you want to understand a Connecticut Suction tax is itself prorated among the beneficiaries and that rate of tax varies.

Rep. Sullivan: You have to deduct now even under State?

Mr. Dauch: We deduct them from decedent estate from a whole, and the reduction reduces the residuary estate.

Rep. Sullivan: Even though under Federal law that particular portion of the Federal tax?

Mr. Dauch: I think the Federal law was amended a few years ago to permit that, isn't that so?

Mr. Cooper: I don't know. The only way I see out of it, if I am right in my position, is to change the Suction law so to permit the Federal estate tax as a deduction only to the extent of the property or the interest subject to the Suction tax. Not so long ago your Department was interested in the value of non-resident real estate upon which the Federal tax was levied and undertook to make some remedy and maybe others some change and maybe Judge Johnson may throw some light on those problems?

Judge Johnson: I am not getting into this.

Judge Manchester: Mr. Chairman, Manchester, Legislative Committee Probate Assembly. The Legislative Committee of the Probate Assembly sees considerable fairness in the merit of it.

Mr. Elmore: Mr. Chairman, I would like to state to the Committee that there is already a case in Pennsylvania, which

does apply to Pennsylvania law, to estates pending under which the Federal estate tax has not been paid and that is Jeffries in Second Atlantic.

Rep. Shapiro: Any one else in favor? Any one opposed to H. B. 228? If not the hearing is closed. Rep. Wake favors.

H. B. 233 (Rep. Farnham) AN ACT CONCERNING INCOME EXPENSES ON TRUST ESTATES, any one for that?

Mr. Holcomb: Holcomb, Chairman of Connecticut Trust Division Connecticut Bank Association. Gentlemen, this is 233 and 234 are one and the same Bill -

H. B. 234 (Rep. Farnham) AN ACT CONCERNING INCOME EXPENSES ON TRUST ESTATES. This Bill was drawn to give an opportunity to correct the situation which arises frequently in trust to do with increased income expenses which are charged to income and against the life beneficiary of a decedent. You have your insurance, tax, your income tax, etc., ad infinitum and you are striking a situation where you wonder if the alive beneficiary is going to get anything out of it. This would give the trustees the opportunity of charging a portion of its fees against the principal of the fund and a portion against the income. Now it has been argued that this is an invasion of principal and if carried out forever and eternally would serve to excite principal so there would be no fund. In practice I do not think this would be the case. In the first place the average life of a trust is somewhat under 20 years and in the second case this argument gives no attention to the fact that there are possibilities of enhancement or of the principal of the fund, which would operate on the other side of the picture. You will notice that this is permissive, it is not mandatory. There are funds where the income is perfectly adequate to take care of the trustees' charges and the other income expenses are detailed in the present laws are set forth in Statutes, Public Acts of 1939. There are also cases where the yield is very small. A typical case of that kind are these small guardian conservators' accounts able to assess two or \$300. where the only possibility of investment is in savings bank and yield 2 per cent and when you get through charging up charges against income out of such a small account, you can readily see there is practically no income to distribute. Now it seems to me as if the life beneficiary should have some relation and that a portion of that fee should be charged to the principal.

Rep. Shapiro: Any questions? Any one else in favor of?

Com. Rappaport: The Bank Department favors the passage of this Bill. We feel the charging of all trustees annual fees to the income works an injustice on the life beneficiaries.

Mr. Stoddard: Sanford Stoddard, Bridgeport. I happened to pass on a great many trust agreements and made voluntary trust agreements and I have noticed in almost every

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House Resolution No. 86 - By Mr. Mitchell of Southbury,--resolution granting the use of the Hall of the House to the committee on Agriculture. On motion of Mr. Mitchell of Southbury, the resolution was adopted. The resolution is printed in the Journal for the day.

House Joint Resolution No. 328. Mr. Parr of Chester. Resolution Commemorating V-E Day. The following is the resolution:(See Journal for the day.)

✓ House Bill No. 1188 - "An Act concerning a Food Emergency." Under suspension of the rules on motion of Mr. Shapiro of Farmington, this bill was introduced and referred to the committee on Agriculture.

✓ House Bill No. 1182 - Public Personnel - An Act Concerning the Granting of Retirement Privileges to State Employees not Included in the Retirement System.

✓ House Bill No. 1183 - Public Personnel - An act Concerning Study by Legislative Council of Problems Involved in Working Out adjustment for Retirement Allowances of Teachers Retired Under Former Pension Provisions - These two bills were raised in committee, read and recommitted to the said committee.

✓ House Bill No. 1189 - Licensed Occupations - "An Act Concerning License to Practice Chiropractic for Veterans" - This bill was raised in committee, read and recommitted to the said committee.

✓ House Joint Resolution No. 261 - Forfeited Rights. This resolution received the favorable report of the committee, read the second time by the Clerk and tabled for the Calendar.

House Bill No. 1186 - Finance (Committee Bill) "An Act Concerning the City of Norwalk to Issue Bonds for an Addition to and the Equipment of the Broad River School." A favorable report was received from the committee on this bill which is a committee bill. On motion of Mr. Holbrook, House Chairman of the committee, the rules were suspended, the bill read the third time by the Clerk, explained by Mr. Holbrook, and passed without debate and then under suspension of the rules was transmitted to the Senate. (The bill is printed in the Journal for the day.)

Bills receiving favorable reports from the committees named, read the third time and tabled for the Calendar and printing were:

House Bills No. 880 (substitute) and 1149, Cities and Boroughs; House Bills No. 923 (substitute) and 925 (substitute), Education; House Bills Nos. 363 (substitute) and No. 1187 (Committee); Elections; House Bills Nos. 620, 685; 689; 692; 699 and 702 (substitute); Finance; House Bills Nos. 178; 228; 773 and 998 (all substitute bills) - Judiciary - also House Bills Nos. 1118 (substitute); 1121; 1126; 1143; 1184 and 1185. The last two named are committee bills: No. 1184 - An Act granting a Pension to Pierpont B. Foster and No. 1185 - An Act Concerning Power of Corporations to Lease, Sell or Exchange all of Their Property.

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Reports received from the various committees were accepted on the following bills which were passed without debate, -

House Bill No. 207 - BANKS - "An Act Concerning Receivership of State Banks, State Banks and Trust Companies, Building and Loan Associations and Private Bankers" - This bill was explained by Mr. Ahrens of Suffield, Chairman of the House committee, who stated that this bill would clarify the present laws relating to this subject.

House Bill No. 60 - / CITIES and BOROUGHES
An Act Concerning the Election of Town Officers and Members of Board of Education and Library Board in New Canaan. This bill was explained by Mr. Pratt of Willington, Chairman of the House committee, who stated that this bill would "provide that the terms of members of the New Canaan Education and Library boards and other town officers, except the town clerk and registrar of voters, would expire on the date of the 1945 biennial election in November."

House Bill No. 880 (Substitute) - An Act Amending an Act Concerning the Establishment of a Police Benefit Fund and the Retirement of Members of the Police Force in the City of Norwalk - This bill was also explained by Mr. Stroffolino of Norwalk, who stated that this would provide that "any members of the Norwalk Police Department who joined the force after January 1, 1944 be required to pay 3 per cent of their salaries to the police pension fund."

House Bill No. 1149 - An Act Amending an Act Establishing a Firemen's Fund in the City of Norwalk - This bill, as explained by Mr. Stroffolino, a member of the committee, would make the same provisions for the Norwalk Fire Departments.

House Bill No. 1190 - CLAIMS - An Act Reimbursing Frank Pinto for sums of Money Expended for Medical Services Rendered His Son, John Pinto - This bill, as explained by Mr. Spencer, of New Hartford, a member of the committee, would pay Frank Pinto \$300 as reimbursement of medical expenses for his son, John Pinto."

House Bill No. 358 - Substitute - EDUCATION - An Act Concerning Liability of Town Boards of Education for Damage or Injury Resulting from Negligence of Their Members, Teachers or Other Employees. The bill was explained by Mr. Barnett of Salisbury, a member of the committee, who stated that this bill would provide for "exemption from liability boards of education for damage or injury resulting from negligence of their members, teachers or other employees."

House Bill No. 925 - Substitute - An Act Defining the Powers and Duties of the Board of Trustees of the University of Connecticut - This bill as explained by Mrs. Foote of Hebron would consolidate into one statute the definition of powers and duties of trustees of the University of Connecticut. (Education)

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House Bill No. 1187 - ELECTIONS - An Act Concerning the Publication of Election Laws. This bill as explained by Mrs. Cone, of Lyme, Chairman of the House committee, would "require the Secretary of the State to publish the state election laws with revisions every two years."

House Bill No. 363 - Substitute - ELECTIONS - An Act Concerning Biennial Elections in New Canaan. This bill, as explained by Mrs. Cone, of Lyme, Chairman of the House committee, would "change the date of the biennial elections in New Canaan from October to November in odd-numbered years."

House Bill No. 306 - Finance - An Act Authorizing Counties to Set Aside Funds for Post-War Needs. This bill, as explained by Mr. Beers of North Branford, "would authorize counties to set aside funds for postwar needs."

House Bill No. 373 - Finance - An Act Authorizing the State to Issue Bonds for the Construction of Self-Liquidating Dormitories, a Student Union Building and a University Auditorium at the University of Connecticut - The bill, as explained by Mr. Stone of Hartland, a member of the committee, would "authorize a \$2,960,000 bond issue to expand facilities at the University of Connecticut."

House Bill No. 689 - FINANCE - An Act Concerning Taxation in the Town of Glastonbury. This bill, as explained by Mr. Holbrook of Madison, House Chairman of the committee, would "eliminate the need for Glastonbury residents to file tax declarations on real estate or motor vehicles!"

House Bill No. 692 - FINANCE - An Act Concerning the New Canaan Library - This bill as explained by Mr. Wochomurka of Willington, a member of the committee, would "increase the value of property which the New Canaan library may hold!"

House Bill No. 699 - FINANCE - An Act Authorizing the Abatement of Certain Taxes by the Town of Hampton. This bill, as explained by Mrs. Miller of Preston, a member of the committee, would "authorize the abatement of certain property taxes in Hampton to clear books of tax collector."

House Bill No. 228 - Substitute - JUDICIARY - An Act Concerning Apportionment of Federal and State Estate Taxes Among Persons Interested in the Estate. This bill, as explained by Mr. Pruyn of Colebrook, a member of the committee, would "apportion federal and state estate taxes among all estate heirs in proportion to their inheritance". This bill as amended by Schedule "A" (printed in the Journal) was passed as amended.

✓ House Bill No. 1121 - An Act Concerning Juvenile Court Hearings. This bill, as explained by Mr. Koskoff of Plainville, a member of the committee on the JUDICIARY, would "extend beyond one week the time within which juveniles must be presented to court on charges preferred!"