

MEMO# 7697

March 12, 1996

INSTITUTE STATEMENT SUPPORTING CONNECTICUT LEGISLATION REDUCING MUTUAL FUND SERVICE PROVIDER'S TAXES

March 12, 1996 TO: TAX COMMITTEE No. 10-96 RE: INSTITUTE STATEMENT SUPPORTING
CONNECTICUT LEGISLATION TO REDUCE TAXES OF FINANCIAL SERVICES COMPANIES

The
Connecticut Legislature is considering legislation that would substantially reduce the state tax burden of companies located in Connecticut that (i) provide management, distribution or administrative services to investment companies that qualify as regulated investment companies ("RICs") for federal income tax purposes or (ii) provide securities brokerage services. The legislation is intended to increase the attractiveness of locating a financial services business in Connecticut by providing a method of apportioning income from these services to Connecticut based upon the number of RIC shareholders, or brokerage customers, that are domiciled in Connecticut. Attached is the statement the Institute submitted supporting the legislation. We will keep you informed of developments. Anne M. Barr Assistant Counsel - Tax Attachment

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