

OFFICE OF FISCAL ANALYSIS

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sHB-7147

AN ACT AUTHORIZING MUNICIPALITIES TO IMPOSE A TAX ON
THE ENDOWMENT FUNDS OF PRIVATE INSTITUTIONS OF
HIGHER EDUCATION.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 26 \$	FY 27 \$
Various Municipalities	Potential Revenue Gain	Potential Significant	Potential Significant

Explanation

The bill allows municipalities to impose a tax on the net investment of certain private nonprofit higher education institutions beginning in FY 26. This may result in a potentially significant revenue gain to municipalities that have an institution located within their town borders that meet the requirements outlined in the bill.

The bill specifies that this tax may only be imposed on institutions with assets valued at more than \$300 million and the tax may equal up to 2 percent of the institution's net investment income.

The bill specifies that all related forms be provided by the Commissioner of Revenue Services but printed and furnished by the municipal tax collector administering the tax. This does not result in any fiscal impact to the Department of Revenue Services as the potential volume of form development is not anticipated to be great enough to require additional resources.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.