

OFFICE OF FISCAL ANALYSIS

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sSB-1558

AN ACT CONCERNING INCOME TAXES IMPOSED BY OTHER JURISDICTIONS ON RESIDENTS OF THE STATE.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Revenue Serv., Dept.	GF - Revenue Gain	None	3.5 million
Revenue Serv., Dept.	GF - Revenue Impact	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes several changes to the personal income tax credit for taxes paid to other jurisdictions which results in the impacts described below.

Section 1 reduces, by 1%, the credit for income taxes paid to qualifying jurisdictions on income derived from services rendered in Connecticut which results in a revenue gain of approximately \$3.5 million annually beginning in FY 27.

Section 2 requires the Office of the Attorney General (OAG) to study the steps it may take to defend residents from having income taxes imposed on them by other states resulting in no fiscal impact to the state because the OAG has the expertise to meet the requirements of the bill.

Section 3 creates a 50% state personal income tax credit for any state resident that successfully challenges another state's convenience of the employer rule. This potentially precludes a revenue gain, the magnitude

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5/12/25

of which is dependent on the successful challenger's amount of Connecticut taxes that would otherwise be owed.

The Out Years

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