

OFFICE OF FISCAL ANALYSIS

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sSB-1558

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

As Amended by Senate "A" (LCO 9684), House "A" (LCO 10694)
House Calendar No.: 670
Senate Calendar No.: 479

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Department of Revenue Services	GF - Revenue Impact	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill creates a 60% state personal income tax credit for any state resident that successfully challenges another state's convenience of the employer rule.¹ This potentially precludes a revenue gain, the magnitude of which is dependent on the successful challenger's amount of Connecticut taxes that would otherwise be owed in full.

The bill also 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 these requirements.

¹ The bill also exempts late income tax payments from penalties and interest if, among other things, they result from the taxpayer receiving a refund from another jurisdiction that (1) imposes a convenience of the employer rule and (2) issued the taxpayer a refund for taxes imposed under that rule.

Senate "A" (1) increases the value of the credit established under the bill from 50% to 60%, which does not alter the fiscal impact identified for that section in the fiscal note on the underlying bill, and (2) eliminates provisions reducing the income tax credit for taxes paid to qualifying jurisdictions, which eliminates the \$3.5 million revenue gain beginning in FY 27 identified in the fiscal note on the underlying bill.

House "A" strikes the underlying bill as amended and replaces it with the fiscal impact described above.

The Out Years

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

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.