

Finance, Revenue and Bonding Committee JOINT FAVORABLE REPORT

Bill No: HB-5114 / [Bill Status](#) / [Public Hearing Testimony](#)

AN ACT ESTABLISHING A REFUNDABLE CREDIT AGAINST THE PERSONAL INCOME TAX FOR A PORTION OF ANNUAL RENT PAYMENTS MADE BY A

Title: TAXPAYER FOR A PRIMARY RESIDENCE IN THE STATE.

Vote Date: 3/30/2026

Vote Action: Joint Favorable Substitute

PH Date: 3/16/2026

File No.:

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SPONSORS OF BILL:

Finance, Revenue, & Bonding Committee

REASONS FOR BILL:

This bill will establish a refundable personal income tax credit for many renters living in the state of Connecticut. And if they are eligible, this could provide more financial relief for those renters and lead to further improving the issue of housing affordability.

SUBSTITUTE LANGUAGE (IF APPLICABLE):

Requires property owners or managing agents to provide certificates of rent paid to renters and renters to file these certificates with DRS when claiming the credit.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Expressed.

NATURE AND SOURCES OF SUPPORT:

Nick Kantor, Program Director, Pro-Homes Connecticut

Nick Kantor, program director of Pro-Homes CT states that they believe that the ultimate long-term solution to the housing shortage, and the significant burden renter households face in CT, is to build more homes and more types of homes - to rent and to own. They argue that

only with an adequate supply of all types of homes in all types of communities in CT will we truly see the type of shared prosperity and progress our state deserves. Home renters in Connecticut are already paying an estimated 20% of their monthly rent for their landlord's property taxes. This bill, they state, begins to address this imbalance at a time when the lack of rental housing has seen rents skyrocket for home renters and is in line with many states that already offer some form of home renter tax credit. This is why they support Public Act 25-1 and many other housing and land use issues before the General Assembly this session. A Renters Tax Credit would help make our state more affordable and equitable. They emphasize that it's about making sure hard-working people who keep our communities running can afford to live in the towns and cities where they work.

Senator Martha E. Marx, RN, BSN, State of Connecticut, 20th District.

Senator Marx states her strong support for this critical piece of legislation which would create a refundable credit against the personal income tax for a portion of the yearly rent that a taxpayer really paid for a principal residence in the state during a taxable year. She argues that across Connecticut, renters are facing increasing housing costs that strain household budgets and limit economic mobility. While homeowners may benefit from property tax deductions and credits, renters often shoulder those same underlying property tax costs through their monthly rent payments without receiving comparable relief. Senator Marx, highlights that the bill establishes a refundable state income tax credit for the portion of rent attributable to property taxes assessed on rental housing. By recognizing that renters indirectly pay property taxes through their rent, this proposal creates a more balanced and equitable tax structure.

Representative Jason Rojas, House Majority Leader, State of Connecticut, 9th District.

Representative Rojas, states his strong support for bill HB 5114, citing nearly 480,000 Connecticut households rent, and about 48% of them spend over a third of their income on housing, making them cost-burdened. He argues that this problem—especially common in lower-income urban communities—is expected to worsen due to high construction costs and strict regulations limiting new housing and repairs. H.B. No. 5114 proposes a refundable tax credit for renters equal to 20% of annual rent minus 4% of income. While it won't fix overall housing affordability, it would provide meaningful financial relief. Representative Rojas urges lawmakers to adopt the bill to help ease residents' economic strain.

Sana Shah, Director of Policy and Advocacy, The Connecticut Project Action Fund

Sana Shah, director of policy and advocacy of the Connecticut Project Action Fund expresses strong support for H.B. 5114, which would create a refundable renter's tax credit starting in 2027 to help make housing more affordable for working-class residents. The bill would provide eligible renters (earning up to \$75,000 single / \$150,000 joint) with a tax credit equal to 20% of rent minus 4% of income, capped at \$2,500, with full refunds even for low-income households. Sana highlights Connecticut's growing housing crisis: rents are rising faster than wages, about half of renters are cost-burdened, and many low-income households struggle the most. She argues that existing support like housing vouchers reaches only a small fraction of those in need. Evidence suggests renter tax credits reduce housing cost burdens without significantly raising rents and can complement existing programs. Overall, the bill is presented as a practical, widely supported solution to help

hundreds of thousands of renters manage rising housing costs and improve economic stability.

Sean Ghio, Policy Director, Here for Housing

Policy director, Sean Ghio, supports HB 5114 because he believes that the bill will create a fully refundable Renters Tax Credit for households earning under \$75,000, with a maximum credit of \$2,500 per household. He explains that the gap between rising rents and stagnant wages in Connecticut has created a serious and growing housing affordability crisis, especially for working- and middle-class residents. Since 2020, he argues, rents have increased sharply, at one point rising about 6% year-over-year, while wages have not kept pace. Which resulted in many renters simply not earning enough to afford typical housing, he gives the following example when stating that the average renter wage is about \$22.69 per hour, far below the \$28.68 needed for a one-bedroom apartment or \$35.42 for a two-bedroom. This mismatch has led to widespread financial strain. About one-third of Connecticut households rent, and roughly half of those renters are cost-burdened, meaning they spend more than 30% of their income on housing. Even more concerning, Ghio highlights, about one in six renters spends over half their income on housing, leaving very little for other necessities. Severe cost burdens also increase the risk of eviction and housing instability. Additionally, the crisis disproportionately affects communities of color, as a majority are renters. The situation is further worsened by a shortage of affordable housing and limited opportunities for homeownership. Therefore, the renter's tax credit would provide meaningful financial relief, by returning money to renters, the policy would help offset rising housing costs, reduce financial stress, and create a fairer tax system that better supports renters alongside homeowners.

Natasha Kuranko, Connecticut Citizen Action Group (CCAG)

Natasha Kuranko, on behalf of the CCAG, expresses her support for the bill stating that many Connecticut families are struggling with high housing and living costs. A large majority of residents report difficulty paying basic expenses, with even higher rates among families with children and communities of color. Poverty and near-poverty levels are also significant, and rising rents continue to outpace wages. This bill would provide a refundable renter's tax credit for households earning up to \$75,000 (single) or \$150,000 (joint), helping offset rent costs and ensuring low-income renters benefit even if they owe little in taxes. Kuranko argues the proposal is a practical, targeted form of relief with clear limits, countering concerns about cost and complexity. She also recommends coordinating the credit with existing property tax relief to ensure fairness and effectiveness, while prioritizing support for those most in need.

Bernette Lowry, TCP Phone Outreach Worker

Bernette Lowry, a resident of Derby, Connecticut, supports H.B. 5114, emphasizing the growing housing affordability crisis for working-class renters. She explains that many renters are cost-burdened, especially those on fixed or limited incomes, and shares her own experience of being forced to move from an unsafe home while struggling to find affordable housing that accepts vouchers. She further highlights broader issues, including a shortage of available apartments and landlords unwilling to accept housing vouchers. She argues that renters are already indirectly paying property taxes through rent but lack access to similar tax

relief as homeowners, creating an unfair system. Lowry supports a refundable renter's tax credit to provide meaningful financial relief and improve fairness. She also expresses support for rent stabilization policies to prevent excessive rent increases.

21 additional people expressed support for this bill, all emphasizing the disparity that currently exists in affordable housing and how rent costs increases are making affordable living in Connecticut difficult.

NATURE AND SOURCES OF OPPOSITION:

Jim Heckman, General Counsel, Connecticut Realtors (CTR)

Jim Heckman, on behalf of the Connecticut Realtors (CTR) states his opposition to the bill. He mentions that while they recognize the intent to provide relief for renters that are struggling with housing costs, CTR still opposes this bill because they believe that it presents significant fiscal risks that it would not be the most effective use of the state's limited financial resources. CTR highlights, the fiscal note associated with this legislation is expected to be substantial, since refundable credits can create an open-ended financial obligation for the state, and the cost could grow considerably as more renters claim the benefit. Alternatively, they suggest approaches to address the root causes of housing unaffordability rather than providing a broad credit that may not reach those most in need. More importantly, they caution that tying a tax credit to the property tax component of rent introduces significant complexity and potential for unintended outcomes.

John Chunis

As a concerned citizen and taxpayer from Rocky Hill, Connecticut, he states his opposition to the bill. Chunis questions why the credit is only applicable to renters and suggests that if any income tax credit is provided then it should be for everyone. He also highlights that people that own homes are also subject to the increasing costs of utilities and other expenses. He also suggests that credit should be phased out for high AGI earners.

Linda Dalessio

Linda Dalessio expresses her concern and opposition to the bill because she states that it's encouraging renters instead of helping people become homeowners. She also mentions that it's putting more of a burden on property owners within the state.

Reported by: Jason Snukis

Date: [Type Date]