



House of Representatives

General Assembly

File No. 663

February Session, 2026

Substitute House Bill No. 5114

House of Representatives, April 16, 2026

The Committee on Finance, Revenue and Bonding reported through REP. HORN of the 64th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT ESTABLISHING A REFUNDABLE CREDIT AGAINST THE PERSONAL INCOME TAX FOR A PORTION OF ANNUAL RENT PAYMENTS MADE BY A TAXPAYER FOR A PRIMARY RESIDENCE IN THE STATE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective January 1, 2027*) (a) As used in this section:
- 2 (1) "Condominium" has the same meaning as provided in section 47-
- 3 68a of the general statutes;
- 4 (2) "Common interest community" has the same meaning as provided
- 5 in section 47-202 of the general statutes;
- 6 (3) "Dwelling unit" has the same meaning as provided in section 47a-
- 7 1 of the general statutes;
- 8 (4) "Eligible renter" means an individual (A) who rented and
- 9 occupied one or more dwelling units in the state for the entirety of the

10 applicable taxable year as such individual's primary residence and paid
11 rent for such dwelling unit or units, (B) who was not claimed as a
12 dependent on another individual's federal income tax return for the
13 applicable taxable year, and (C) whose federal adjusted gross income
14 for the applicable taxable year does not exceed (i) seventy-five thousand
15 dollars for individuals who file a return under the federal income tax as
16 an unmarried individual, a married individual filing separately or a
17 head of household, or (ii) one hundred fifty thousand dollars for
18 individuals who file a return under the federal income tax as married
19 individuals filing jointly;

20 (5) "Hotel", "lodging" and "bed and breakfast establishment" have the
21 same meanings as provided in section 12-407 of the general statutes;

22 (6) "Mobile manufactured home" has the same meaning as provided
23 in section 12-63a of the general statutes; and

24 (7) "Short-term rental" has the same meaning as provided in section
25 12-408h of the general statutes.

26 (b) Any eligible renter who is subject to the tax imposed under
27 chapter 229 of the general statutes for any taxable year commencing on
28 or after January 1, 2027, shall be allowed a credit against the tax
29 otherwise due under chapter 229 of the general statutes, other than the
30 liability imposed by section 12-707 of the general statutes, in an amount
31 equal to twenty per cent of the eligible renter's annual rent actually paid
32 by the eligible renter for the applicable taxable year, minus four per cent
33 of the eligible renter's federal adjusted gross income for the applicable
34 taxable year, provided the amount of the credit for any taxable year shall
35 not exceed (1) for any eligible renter who files a return under the federal
36 income tax as an unmarried individual, a married individual filing
37 separately or a head of household, two thousand five hundred dollars,
38 and (2) for any two eligible renters who file a return as married
39 individuals filing jointly, two thousand five hundred dollars jointly for
40 such two eligible renters.

41 (c) (1) Each owner or managing agent, including the owner or
42 managing agent of a mobile manufactured home park, of any property
43 in the state that is occupied by a renter as a primary residence and for
44 which the renter pays rent, shall furnish a certificate of rent paid to each
45 such renter who is a renter on December thirty-first. The certificate shall
46 be in such form and manner as prescribed by the Commissioner of
47 Revenue Services and shall be provided to each renter before February
48 first of the year following the year in which the rent was paid. Each
49 eligible renter claiming the credit under this section shall file such
50 certificate with the eligible renter's state tax filing.

51 (2) If a renter moves before December thirty-first, the owner or
52 managing agent may furnish the certificate to the renter at the time of
53 moving or send the certificate by mail to a forwarding address, if
54 known, or by electronic mail if the renter provided an electronic mail
55 address to the owner or managing agent.

56 (3) Each owner or managing agent shall retain a duplicate of each
57 certificate, or an equivalent record that shows the information that was
58 included in each certificate, for a period of four years and shall make
59 such duplicate or record available to the commissioner upon request.

60 (4) If an eligible renter does not receive a certificate from the owner
61 or managing agent, the eligible renter may submit an affidavit that
62 includes the information that would be included in a certificate of rent
63 paid. The Department of Revenue Services shall develop a form for the
64 affidavit and post such form on the department's Internet web site.

65 (d) If the amount of the credit allowed pursuant to this section
66 exceeds the taxpayer's liability for the tax imposed under chapter 229 of
67 the general statutes, the Commissioner of Revenue Services shall treat
68 such excess as an overpayment and, except as provided under section
69 12-739 or 12-742 of the general statutes, shall refund the amount of such
70 excess, without interest, to the taxpayer.

71 (e) For the purposes of this section:

72 (1) "Rent" includes (A) the amount of heat, hot water, gas, electricity,
73 furniture and parking, to the extent the landlord makes no separate
74 charge for such items, and (B) the rental of a mobile manufactured home
75 or of the leasehold site being occupied by the taxpayer's mobile
76 manufactured home, or both.

77 (2) "Rent" does not include (A) amounts paid as a security deposit or
78 amounts paid for the last month's rent upon entering into a rental or
79 lease agreement, unless such amounts are applied to unpaid rent, (B)
80 payments by a tenant-stockholder of a cooperative housing corporation
81 to such corporation, (C) payments by a tenant or an owner of a
82 condominium or a unit in a common interest community to the
83 respective unit owner association, (D) consideration paid for the
84 occupancy of a hotel, lodging house, bed and breakfast establishment or
85 short-term rental, unless such premises are occupied under a rental or
86 lease agreement, or (E) payment in kind by the tenant to the landlord.

87 (f) Commencing in the taxable year commencing January 1, 2028, and
88 annually thereafter, the Commissioner of Revenue Services shall submit
89 a report, in accordance with the provisions of section 11-4a of the general
90 statutes, to the joint standing committee of the General Assembly
91 having cognizance of matters relating to finance, revenue and bonding,
92 of the total amount of credits claimed under this section for the previous
93 taxable year and such other deidentified and disclosable information
94 that is requested by said committee concerning the credit allowed under
95 this section, to enable said committee to evaluate whether any changes
96 should be made to the income thresholds or credit amounts set forth in
97 this section.

98 (g) The commissioner may (1) coordinate with the Department of
99 Housing and other state agencies to promote public awareness of the
100 credit under this section, and (2) adopt regulations, in accordance with
101 the provisions of chapter 54 of the general statutes, to implement the
102 provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>January 1, 2027</i>	New section
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FIN *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do 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.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Department of Revenue Services	GF - Revenue Loss	None	575 million
Department of Revenue Services	GF - Cost	None	Up to 150,000
Department of Revenue Services	GF - Cost	None	65,000
State Comptroller - Fringe Benefits ¹	GF - Cost	None	27,183

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which establishes a refundable personal income tax credit for rent paid of up to \$2,500 for eligible filers, results in (1) a General Fund revenue loss of approximately \$575 million annually beginning in FY 28, (2) a one-time cost to the Department of Revenue Services of up to \$150,000 in FY 28 associated with programming updates to the CTax tax administration system and myconneCT online portal to establish the refundable credit, form modification, and "certificate of rent paid" development, and (3) an on-going cost of \$92,183 for salary and fringe costs for one Revenue Examiner beginning in FY 28.

The Out Years

The annualized ongoing fiscal impact identified above would

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.82% of payroll in FY 27.

continue into the future subject to inflation and the per-filer credit cap of \$2,500.

Sources: U.S. Census Bureau. "Financial Characteristics." American Community Survey, ACS 1-Year Estimates Subject Tables, Table S2503

OLR Bill Analysis**sHB 5114*****AN ACT ESTABLISHING A REFUNDABLE CREDIT AGAINST THE PERSONAL INCOME TAX FOR A PORTION OF ANNUAL RENT PAYMENTS MADE BY A TAXPAYER FOR A PRIMARY RESIDENCE IN THE STATE.*****SUMMARY**

Starting with the 2027 tax year, this bill creates a refundable personal income tax credit of up to \$2,500 for eligible renters with incomes of up to \$150,000 for joint filers or \$75,000 for other filers. The credit amount renters can claim is based on a portion of the eligible rent they paid for the applicable tax year and their federal adjusted gross income (AGI).

The bill requires rental property owners or managers to give certain renters a “certificate of rent paid” by February 1 of the year after the rent was paid. It requires renters to file these certificates, or a specified affidavit, when claiming the tax credit.

The bill authorizes the Department of Revenue Services (DRS) commissioner to (1) adopt implementing regulations for the credit and (2) coordinate with the housing department and other state agencies to promote its public awareness. It also requires DRS to annually report to the General Assembly on the credit.

EFFECTIVE DATE: January 1, 2027

CREDIT AMOUNT AND CLAIMS

Under the bill, the credit equals 20% of the annual rent the eligible renter actually paid for the applicable tax year, minus 4% of his or her federal AGI for that year, up to \$2,500. The \$2,500 maximum applies regardless of the renter’s tax filing status, meaning that two eligible renters who file a joint return may claim a credit of up to \$2,500 jointly.

Renters may apply the credit against their personal income tax liability, but not the withholding tax. The credit is refundable if it exceeds their income tax liability.

ELIGIBLE RENTERS

To qualify for the credit, an “eligible renter” must:

1. have federal AGI for the applicable tax year of \$75,000 or less (for single filers, married people filing separately, or heads of households) or \$150,000 or less (for joint filers);
2. have rented and occupied at least one dwelling unit in Connecticut as his or her primary residence for all of the applicable tax year and paid rent for the unit or units; and
3. not have been claimed as a dependent on someone else’s federal income tax return for the year.

ELIGIBLE RENT PAYMENTS

Under the bill, credit-eligible rent payments also include amounts for (1) heat, hot water, gas, electricity, furniture, and parking if the landlord does not charge separately for these and (2) renting a mobile manufactured home, the leasehold site it occupies, or both. But they exclude the following:

1. amounts paid as a security deposit or for the last month’s rent when entering into the rental or lease agreement, unless they are applied to unpaid rent;
2. payments by a cooperative housing corporation’s tenant-stockholder to the corporation;
3. payments by a condominium’s or common interest community unit’s tenant or owner to the respective unit owner association;
4. consideration paid for occupancy in a hotel, lodging house, bed and breakfast, or short-term rental, unless occupied under a rental or lease agreement; and

5. payments in kind by the tenant to the landlord.

CERTIFICATES OF RENT PAID

The bill requires certain property owners and managing agents to give renters a “certificate of rent paid” that eligible renters must in turn file with their income tax returns to claim the tax credit. This requirement applies to anyone who owns or manages a property in Connecticut, including a mobile manufactured home park, occupied by a renter as their primary residence on December 31 and for which the renter pays rent. DRS must prescribe the certificate’s requirements.

Property owners or managing agents must provide these certificates by February 1 of the year after the rent was paid. If a renter moves before December 31, the owner or manager may (1) give the renter the certificate at the time of moving, (2) send it by mail to any known forwarding address, or (3) send it by email if the renter provided an email address. If an owner or manager does not provide a certificate, the eligible renter may submit an affidavit that includes the requisite information. DRS must develop a form for these affidavits and post it on its website.

Property owners and managers must keep a duplicate of each certificate (or an equivalent record of the information it included) for four years and make it available to the DRS commissioner upon request.

REPORT TO THE LEGISLATURE

The bill requires the DRS commissioner, annually starting with the 2028 tax year, to report to the Finance, Revenue and Bonding Committee on (1) the total amount of renter tax credits claimed for the prior tax year and (2) any other information the committee requests about the credit to help it evaluate whether any changes should be made to income thresholds or credit amounts. The latter must include only information that is de-identified and disclosable.

BACKGROUND

Related Bill

SB 1, § 5, favorably reported by the Finance, Revenue and Bonding Committee, creates a similar refundable income tax credit of up to \$1,000 for eligible renters who have federal AGI of \$100,000 or less for joint filers or \$50,000 or less for other filers.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 35 Nay 19 (03/30/2026)