



# House of Representatives

General Assembly

**File No. 672**

February Session, 2026

Substitute House Bill No. 5570

*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 CONCERNING A TAX CREDIT FOR MILK PRODUCERS.***

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

1 Section 1. (NEW) (*Effective January 1, 2027, and applicable to income and*  
2 *taxable years commencing on or after January 1, 2027*) (a) As used in this  
3 section, "federal pay price", "milk producer" and "minimum sustainable  
4 monthly cost of production" have the same meanings as provided in  
5 section 22-265b of the general statutes.

6 (b) Each milk producer shall be allowed a credit against the tax  
7 imposed under chapter 208 or 229 of the general statutes, other than the  
8 liability imposed by section 12-707 of the general statutes, in an amount  
9 equal to, for each month of the income or taxable year the federal pay  
10 price is below the minimum sustainable monthly cost of production, (1)  
11 the dollar amount the federal pay price was below the minimum  
12 sustainable monthly cost of production, (2) multiplied by the amount of  
13 milk produced by such milk producer for such month. Each milk  
14 producer shall file with the Commissioner of Agriculture, in a form and

15 manner prescribed by the commissioner, such information the  
16 commissioner requires to substantiate the amount of milk produced by  
17 such milk producer.

18 (c) (1) Any milk producer subject to the tax imposed under chapter  
19 208 or 229 of the general statutes may apply to the Commissioner of  
20 Agriculture, in a form and manner prescribed by the commissioner, to  
21 reserve an allocation for a credit under this section. The application shall  
22 contain such information as the commissioner deems necessary to  
23 administer the provisions of this section. The aggregate amount of  
24 credits reserved under this section shall not exceed eight million dollars  
25 in any calendar year.

26 (2) Upon verification by the commissioner that the conditions set  
27 forth in subsection (b) of this section have been satisfied and the amount  
28 of milk produced by a milk producer has been substantiated, the  
29 commissioner shall issue a voucher to the milk producer in the amount  
30 calculated pursuant to subsection (b) of this section. The taxpayer shall  
31 file the voucher with the taxpayer's state tax return for the applicable  
32 income or taxable year.

33 (d) If the taxpayer is an S corporation or an entity treated as a  
34 partnership for federal income tax purposes, the credit may be claimed  
35 by the taxpayer's shareholders or partners. If the taxpayer is a single  
36 member limited liability company that is disregarded as an entity  
37 separate from its owner, the credit may be claimed by such limited  
38 liability company's owner, provided such owner is subject to the tax  
39 imposed under chapter 208 or 229 of the general statutes.

40 (e) If the amount of the credit allowed pursuant to this section  
41 exceeds the taxpayer's liability for the tax imposed under chapter 208 or  
42 229 of the general statutes, the Commissioner of Revenue Services shall  
43 treat such excess as an overpayment and, except as provided in section  
44 12-739 or 12-742 of the general statutes, shall refund the amount of such  
45 excess, without interest, to such taxpayer.

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This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2027, and applicable to income and taxable years commencing on or after January 1, 2027</i>	New section

**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 \$
Revenue Serv., Dept.	GF - Revenue Loss	None	Up to 8 million
Revenue Serv., Dept.	GF - Cost	None	Up to 75,000
Department of Agriculture	GF - Cost	115,808	115,808
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	44,249	44,249

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill, which establishes a refundable tax credit for milk producers, results in (1) a General Fund revenue loss of up to \$8 million annually beginning in FY 28, (2) a one-time cost of up to \$75,000 to the Department of Revenue Services in FY 28 associated with programming updates to the CTax tax administration system and myconneCT online portal to establish the refundable credit, and (3) an ongoing cost to the General Fund of \$160,057 annually beginning in FY 27.

**Ongoing Cost Impact**

The Department of Agriculture (DoAg) does not currently have the staff or expertise to establish a new tax credit program. DoAg will require one new Grant and Contract Specialist with an annual salary of

<sup>1</sup>The 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.

\$105,808 and corresponding fringe benefits of \$44,249 to establish and administer the tax credit program for milk producers. Additionally, DoAg will require \$10,000 annually for licensing and software updates to manage the data associated with the new program. It is estimated that there are approximately 81 eligible milk producers in Connecticut.

***The Out Years***

The annualized ongoing revenue impact identified above would continue into the future subject to the annual aggregate credit cap of \$8 million; the annualized ongoing cost impact identified above would continue into the future subject to inflation.

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**OLR Bill Analysis**

**sHB 5570**

***AN ACT CONCERNING A TAX CREDIT FOR MILK PRODUCERS.***

**SUMMARY**

This bill establishes a refundable tax credit for “milk producers” (people, firms, and corporations registered with the Department of Agriculture (DoAg) as producers of milk for pasteurization). The credit amount is calculated using the same formula that is used for an existing state grant program that pays milk producers based on, generally, (1) the federally set milk price and (2) an amount needed to sustain state dairy operations.

The credit is available starting with the 2027 income and tax year and may be applied against the corporation business or personal income tax, but not the withholding tax. The bill caps the total amount of credits that may be reserved for this program at \$8 million per year.

EFFECTIVE DATE: January 1, 2027, and applicable to income and tax years starting on or after that date.

**MILK PRICING AND TERMS**

Federal law governs the price paid to dairy farmers for milk. Generally, U.S. Department of Agriculture (USDA) marketing orders set the price for milk and milk products by region. One order sets the price paid in the New England and Mid-Atlantic states and is broken down into class 1 (fluid) milk and various other classes of milk products.

Under existing law and the bill, “federal pay price” is the northeast monthly uniform price for milk in the Hartford zone pursuant to the USDA Northeast Federal Milk Marketing Order. “Minimum sustainable monthly cost of production” is 82% of the baseline the USDA’s Economic Research Service determines as the monthly average cost of

production for a New England state, or, if the baseline is unavailable, a baseline determined by the DoAg commissioner using data and variables published by USDA.

### **CREDIT FORMULA, RESERVATIONS, AND VOUCHERS**

Under the bill, the tax credit equals, for each month of the income and tax year that the federal pay price is below the minimum sustainable monthly cost of production, the difference between the federal pay price and the minimum sustainable monthly cost of production, multiplied by the amount of milk a milk producer produced during the month.

Under the bill, milk producers may apply to the DoAg commissioner to reserve a credit allocation. The commissioner must create the application form, which must include the information he needs to administer the tax credit program. Relatedly, the bill requires milk producers to file with the commissioner information to support the amount of milk they produced, in a way he prescribes. Once verified, the commissioner must issue the milk producer a voucher for its credit amount. The milk producer must file this voucher with its state tax return for the applicable income or tax year.

### **CREDIT CLAIMS**

If the milk producer is an S corporation or treated as a partnership for federal income tax purposes, the milk producer's shareholders and partners may claim the credit. If the milk producer is a single member limited liability company (LLC) that is disregarded as an entity separate from its owner, the LLC's owner may claim the credit, as long as the owner is subject to either the corporation business or personal income tax.

### **CREDIT REFUNDABILITY**

As is the case under existing law for most other refundable tax credits, the bill requires the Department of Revenue Services commissioner to refund, without interest, any amount of the tax credit that exceeds a milk producer's liability, unless he retains the refund, which, by law, he may do if the milk producer (1) owes state or

municipal taxes or other obligations or (2) is in default of a student loan made by the Connecticut Student Loan Foundation or the Connecticut Higher Education Supplemental Loan Authority.

**BACKGROUND**

***Related Bill***

sSB 84, § 27, favorably reported by the Finance, Revenue and Bonding Committee, has identical provisions.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 53 Nay 0 (03/30/2026)