

## OFFICE OF FISCAL ANALYSIS

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SB-83

### AN ACT ESTABLISHING THE FEDERAL CUTS RESPONSE FUND. AMENDMENT

LCO No.: 676

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#### ***OFA Fiscal Note***

##### ***State Impact:***

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Department of Revenue Services	GF - Revenue Loss	128 million	128 million
Department of Revenue Services	GF - Cost	Up to 150,000	None

Note: GF=General Fund

##### ***Municipal Impact:*** None

##### ***Explanation***

The amendment strikes the underlying bill and its associated fiscal impact.

The amendment, which conforms Connecticut's personal income tax code with the federal personal income tax code for the purposes of the overtime compensation and tip income exemptions included in P.L. 119-21 (the One Big Beautiful Bill Act), results in a (1) General Fund revenue loss of \$128 million from FY 27 through FY 29<sup>1</sup>; and (2) one-time cost to the Department of Revenue Services of up to \$150,000 in FY 27 for programming updates to the CTax tax administration system and myconneCT online portal, and for form development.

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<sup>1</sup> The revenue loss is limited to FY 27 through FY 29 as the amendment is applicable to tax years beginning on or after January 1, 2026, and the associated exemptions in P.L. 119-21 sunset after the 2028 income year.

***The Out Years******State Impact:***

Agency Affected	Fund-Effect	FY 29 \$	FY 30 \$	FY 31 \$
Department of Revenue Services	GF - Revenue Loss	128 million	None	None
Department of Revenue Services	GF - Cost	None	None	None

Note: GF=General Fund

***Municipal Impact:*** None

*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.*