

# OFFICE OF FISCAL ANALYSIS

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SB-83

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

LCO No.: 742

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

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

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Department of Revenue Services	GF - Revenue Loss	256 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 repurposes the \$330.8 million transferred from the Budget Reserve Fund under the bill toward alternative appropriated uses. To the extent these appropriations are not covered by the Governor's February 4, 2026, Declaration of the Existence of Extraordinary Circumstances exempting up to \$500 million in excess of the spending cap resulting from SA 25-1, November Special Session, and the bill, this results in the FY 26 budget being over the spending cap.

The amendment also conforms Connecticut's personal income tax code with the federal personal income tax code for the purposes of the overtime compensation and tip income deductions included in P.L. 119-21 (the One Big Beautiful Bill Act). This results in a (1) General Fund

revenue loss of \$256 million in FY 27<sup>1</sup> and \$128 million in FY 28 and FY 29<sup>2</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.

### ***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.*

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<sup>1</sup> The revenue loss is greater in FY 27 as section 5 is retroactively effective to January 1, 2025. This would result in deductions for two income years being claimed all within FY 27.

<sup>2</sup> The revenue loss is ceases in FY 29 as the associated deductions in P.L. 119-21 sunset after the 2028 income year.