

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200

Hartford, CT 06106 ◇ (860) 240-0200

<http://www.cga.ct.gov/ofa>

SB-83

AN ACT ESTABLISHING THE FEDERAL CUTS RESPONSE FUND. AMENDMENT

LCO No.: 757

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 repurposes the \$330.8 million transferred from the Budget Reserve Fund under the bill toward alternative uses.

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 \$128 million from FY 27 through FY 29¹; 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.

¹ The revenue loss ceases in FY 29 as the associated deductions 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.