



General Assembly

Amendment

February Session, 2026

LCO No. 757



Offered by:

REP. CANDELORA V., 86th Dist.

REP. O'DEA, 125th Dist.

REP. RUTIGLIANO, 123rd Dist.

REP. ACKERT, 8th Dist.

REP. ZUPKUS, 89th Dist.

To: Senate Bill No. 83

File No.

Cal. No.

"AN ACT ESTABLISHING THE FEDERAL CUTS RESPONSE FUND."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. (*Effective from passage*) (a) There is established a fund to be
4 known as the "P.L. 119-21 Response Fund". The fund shall contain any
5 moneys required by law to be deposited in the fund and shall be held
6 by the Treasurer separate and apart from all other moneys, funds and
7 accounts. Amounts in the fund shall be expended only pursuant to
8 allocation by the General Assembly. Except as provided in subsection
9 (b) of this section, any balance remaining in the fund at the end of a fiscal
10 year shall be carried forward in the fund for the subsequent fiscal year.

11 (b) After the accounts for the P.L. 119-21 Response Fund have been

12 closed for the fiscal year ending June 30, 2027, and the Comptroller has
13 determined the amount of the unexpended balance in said fund, the
14 amount of such unexpended balance shall be transferred by the
15 Treasurer to the Budget Reserve Fund subject to the provisions of
16 subparagraph (C) of subdivision (1) of subsection (c) or (d) of section 4-
17 30a of the general statutes. The fund shall be terminated upon the
18 transfer of the balance in the fund or upon the Comptroller's
19 determination that there are no unexpended moneys available in the
20 fund to transfer.

21 Sec. 2. (*Effective from passage*) Notwithstanding the provisions of
22 subsection (f) of section 4-30a of the general statutes, on the effective
23 date of this act, the Treasurer shall transfer the sum of \$330,811,954 from
24 the Budget Reserve Fund to the P.L. 119-21 Response Fund, established
25 pursuant to section 1 of this act.

26 Sec. 3. (*Effective from passage*) (a) The following sums are transferred
27 from the P.L. 119-21 Response Fund, established pursuant to section 1
28 of this act: (1) \$128,000,000 to the General Fund, for the fiscal year ending
29 June 30, 2026, for the purpose of mitigating the revenue loss resulting
30 from the subtraction set forth in subparagraph (B)(xxxviii) of
31 subdivision (20) of subsection (a) of section 12-701 of the general
32 statutes, as amended by this act; and (2) \$202,811,954 to the Office of
33 Policy and Management, for the fiscal year ending June 30, 2026, for the
34 purpose of responding to the policy impacts of P.L. 119-21 and
35 mitigating any action or inaction by the federal government that results
36 in a reduction in funding for any program in this state.

37 (b) That portion of unexpended funds transferred in subsection (a) of
38 this section shall not lapse on June 30, 2026, and shall continue to be
39 available for the purposes described in subsection (a) of this section
40 during the fiscal year ending June 30, 2027.

41 (c) The Secretary of the Office of Policy and Management may
42 transfer any portion of the amount transferred in subsection (a) of this
43 section to any agency in any appropriated fund to give effect to the

44 purposes described in subsection (a) of this section. The unexpended
45 balance of any amount transferred pursuant to this section shall be
46 returned to the P.L. 119-21 Response Fund on June 30, 2027, and shall
47 lapse on said date.

48 Sec. 4. (*Effective from passage*) Prior to expending any moneys in
49 accordance with subdivision (2) of subsection (a) of section 3 of this act
50 or transferring any moneys in accordance with subsection (c) of section
51 3 of this act, the Secretary of the Office of Policy and Management shall
52 provide electronic notice to the president pro tempore of the Senate, the
53 speaker of the House of Representatives, and the majority and minority
54 leaders of both houses of the General Assembly of the amount and
55 purpose of each such expenditure or transfer. Any such expenditure or
56 transfer shall be approved by a majority vote of both houses of the
57 General Assembly. The secretary shall not make any such expenditure
58 or transfer before the General Assembly has approved such expenditure
59 or transfer.

60 Sec. 5. Subparagraph (B) of subdivision (20) of subsection (a) of
61 section 12-701 of the 2026 supplement to the general statutes is repealed
62 and the following is substituted in lieu thereof (*Effective from passage*):

63 (B) There shall be subtracted therefrom:

64 (i) To the extent properly includable in gross income for federal
65 income tax purposes, any income with respect to which taxation by any
66 state is prohibited by federal law;

67 (ii) To the extent allowable under section 12-718, exempt dividends
68 paid by a regulated investment company;

69 (iii) To the extent properly includable in gross income for federal
70 income tax purposes, the amount of any refund or credit for
71 overpayment of income taxes imposed by this state, or any other state
72 of the United States or a political subdivision thereof, or the District of
73 Columbia;

74 (iv) To the extent properly includable in gross income for federal
75 income tax purposes and not otherwise subtracted from federal
76 adjusted gross income pursuant to clause (x) of this subparagraph in
77 computing Connecticut adjusted gross income, any tier 1 railroad
78 retirement benefits;

79 (v) To the extent any additional allowance for depreciation under
80 Section 168(k) of the Internal Revenue Code for property placed in
81 service after September 27, 2017, was added to federal adjusted gross
82 income pursuant to subparagraph (A)(ix) of this subdivision in
83 computing Connecticut adjusted gross income, twenty-five per cent of
84 such additional allowance for depreciation in each of the four
85 succeeding taxable years;

86 (vi) To the extent properly includable in gross income for federal
87 income tax purposes, any interest income from obligations issued by or
88 on behalf of the state of Connecticut, any political subdivision thereof,
89 or public instrumentality, state or local authority, district or similar
90 public entity created under the laws of the state of Connecticut;

91 (vii) To the extent properly includable in determining the net gain or
92 loss from the sale or other disposition of capital assets for federal income
93 tax purposes, any gain from the sale or exchange of obligations issued
94 by or on behalf of the state of Connecticut, any political subdivision
95 thereof, or public instrumentality, state or local authority, district or
96 similar public entity created under the laws of the state of Connecticut,
97 in the income year such gain was recognized;

98 (viii) Any interest on indebtedness incurred or continued to purchase
99 or carry obligations or securities the interest on which is subject to tax
100 under this chapter but exempt from federal income tax, to the extent that
101 such interest on indebtedness is not deductible in determining federal
102 adjusted gross income and is attributable to a trade or business carried
103 on by such individual;

104 (ix) Ordinary and necessary expenses paid or incurred during the

105 taxable year for the production or collection of income which is subject
106 to taxation under this chapter but exempt from federal income tax, or
107 the management, conservation or maintenance of property held for the
108 production of such income, and the amortizable bond premium for the
109 taxable year on any bond the interest on which is subject to tax under
110 this chapter but exempt from federal income tax, to the extent that such
111 expenses and premiums are not deductible in determining federal
112 adjusted gross income and are attributable to a trade or business carried
113 on by such individual;

114 (x) (I) For taxable years commencing prior to January 1, 2019, for a
115 person who files a return under the federal income tax as an unmarried
116 individual whose federal adjusted gross income for such taxable year is
117 less than fifty thousand dollars, or as a married individual filing
118 separately whose federal adjusted gross income for such taxable year is
119 less than fifty thousand dollars, or for a husband and wife who file a
120 return under the federal income tax as married individuals filing jointly
121 whose federal adjusted gross income for such taxable year is less than
122 sixty thousand dollars or a person who files a return under the federal
123 income tax as a head of household whose federal adjusted gross income
124 for such taxable year is less than sixty thousand dollars, an amount
125 equal to the Social Security benefits includable for federal income tax
126 purposes;

127 (II) For taxable years commencing prior to January 1, 2019, for a
128 person who files a return under the federal income tax as an unmarried
129 individual whose federal adjusted gross income for such taxable year is
130 fifty thousand dollars or more, or as a married individual filing
131 separately whose federal adjusted gross income for such taxable year is
132 fifty thousand dollars or more, or for a husband and wife who file a
133 return under the federal income tax as married individuals filing jointly
134 whose federal adjusted gross income from such taxable year is sixty
135 thousand dollars or more or for a person who files a return under the
136 federal income tax as a head of household whose federal adjusted gross
137 income for such taxable year is sixty thousand dollars or more, an

138 amount equal to the difference between the amount of Social Security
139 benefits includable for federal income tax purposes and the lesser of
140 twenty-five per cent of the Social Security benefits received during the
141 taxable year, or twenty-five per cent of the excess described in Section
142 86(b)(1) of the Internal Revenue Code;

143 (III) For the taxable year commencing January 1, 2019, and each
144 taxable year thereafter, for a person who files a return under the federal
145 income tax as an unmarried individual whose federal adjusted gross
146 income for such taxable year is less than seventy-five thousand dollars,
147 or as a married individual filing separately whose federal adjusted gross
148 income for such taxable year is less than seventy-five thousand dollars,
149 or for a husband and wife who file a return under the federal income tax
150 as married individuals filing jointly whose federal adjusted gross
151 income for such taxable year is less than one hundred thousand dollars
152 or a person who files a return under the federal income tax as a head of
153 household whose federal adjusted gross income for such taxable year is
154 less than one hundred thousand dollars, an amount equal to the Social
155 Security benefits includable for federal income tax purposes; and

156 (IV) For the taxable year commencing January 1, 2019, and each
157 taxable year thereafter, for a person who files a return under the federal
158 income tax as an unmarried individual whose federal adjusted gross
159 income for such taxable year is seventy-five thousand dollars or more,
160 or as a married individual filing separately whose federal adjusted gross
161 income for such taxable year is seventy-five thousand dollars or more,
162 or for a husband and wife who file a return under the federal income tax
163 as married individuals filing jointly whose federal adjusted gross
164 income from such taxable year is one hundred thousand dollars or more
165 or for a person who files a return under the federal income tax as a head
166 of household whose federal adjusted gross income for such taxable year
167 is one hundred thousand dollars or more, an amount equal to the
168 difference between the amount of Social Security benefits includable for
169 federal income tax purposes and the lesser of twenty-five per cent of the
170 Social Security benefits received during the taxable year, or twenty-five

171 per cent of the excess described in Section 86(b)(1) of the Internal
172 Revenue Code;

173 (xi) To the extent properly includable in gross income for federal
174 income tax purposes, any amount rebated to a taxpayer pursuant to
175 section 12-746;

176 (xii) To the extent properly includable in the gross income for federal
177 income tax purposes of a designated beneficiary, any distribution to
178 such beneficiary from any qualified state tuition program, as defined in
179 Section 529(b) of the Internal Revenue Code, established and
180 maintained by this state or any official, agency or instrumentality of the
181 state;

182 (xiii) To the extent allowable under section 12-701a, contributions to
183 accounts established pursuant to any qualified state tuition program, as
184 defined in Section 529(b) of the Internal Revenue Code, established and
185 maintained by this state or any official, agency or instrumentality of the
186 state;

187 (xiv) To the extent properly includable in gross income for federal
188 income tax purposes, the amount of any Holocaust victims' settlement
189 payment received in the taxable year by a Holocaust victim;

190 (xv) To the extent properly includable in the gross income for federal
191 income tax purposes of a designated beneficiary, as defined in section
192 3-123aa, interest, dividends or capital gains earned on contributions to
193 accounts established for the designated beneficiary pursuant to the
194 Connecticut Homecare Option Program for the Elderly established by
195 sections 3-123aa to 3-123ff, inclusive;

196 (xvi) To the extent properly includable in gross income for federal
197 income tax purposes, any income received from the United States
198 government as retirement pay for a retired member of (I) the Armed
199 Forces of the United States, as defined in Section 101 of Title 10 of the
200 United States Code, or (II) the National Guard, as defined in Section 101
201 of Title 10 of the United States Code;

202 (xvii) To the extent properly includable in gross income for federal
203 income tax purposes for the taxable year, any income from the discharge
204 of indebtedness in connection with any reacquisition, after December
205 31, 2008, and before January 1, 2011, of an applicable debt instrument or
206 instruments, as those terms are defined in Section 108 of the Internal
207 Revenue Code, as amended by Section 1231 of the American Recovery
208 and Reinvestment Act of 2009, to the extent any such income was added
209 to federal adjusted gross income pursuant to subparagraph (A)(xi) of
210 this subdivision in computing Connecticut adjusted gross income for a
211 preceding taxable year;

212 (xviii) To the extent not deductible in determining federal adjusted
213 gross income, the amount of any contribution to a manufacturing
214 reinvestment account established pursuant to section 32-9zz in the
215 taxable year that such contribution is made;

216 (xix) To the extent properly includable in gross income for federal
217 income tax purposes, (I) for the taxable year commencing January 1,
218 2015, ten per cent of the income received from the state teachers'
219 retirement system, (II) for the taxable years commencing January 1,
220 2016, to January 1, 2020, inclusive, twenty-five per cent of the income
221 received from the state teachers' retirement system, and (III) for the
222 taxable year commencing January 1, 2021, and each taxable year
223 thereafter, fifty per cent of the income received from the state teachers'
224 retirement system or, for a taxpayer whose federal adjusted gross
225 income does not exceed the applicable threshold under clause (xx) of
226 this subparagraph, the percentage pursuant to said clause of the income
227 received from the state teachers' retirement system, whichever
228 deduction is greater;

229 (xx) To the extent properly includable in gross income for federal
230 income tax purposes, except for retirement benefits under clause (iv) of
231 this subparagraph and retirement pay under clause (xvi) of this
232 subparagraph, for a person who files a return under the federal income
233 tax as an unmarried individual whose federal adjusted gross income for
234 such taxable year is less than seventy-five thousand dollars, or as a

235 married individual filing separately whose federal adjusted gross
 236 income for such taxable year is less than seventy-five thousand dollars,
 237 or as a head of household whose federal adjusted gross income for such
 238 taxable year is less than seventy-five thousand dollars, or for a husband
 239 and wife who file a return under the federal income tax as married
 240 individuals filing jointly whose federal adjusted gross income for such
 241 taxable year is less than one hundred thousand dollars, (I) for the taxable
 242 year commencing January 1, 2019, fourteen per cent of any pension or
 243 annuity income, (II) for the taxable year commencing January 1, 2020,
 244 twenty-eight per cent of any pension or annuity income, (III) for the
 245 taxable year commencing January 1, 2021, forty-two per cent of any
 246 pension or annuity income, and (IV) for the taxable years commencing
 247 January 1, 2022, and January 1, 2023, one hundred per cent of any
 248 pension or annuity income;

249 (xxi) To the extent properly includable in gross income for federal
 250 income tax purposes, except for retirement benefits under clause (iv) of
 251 this subparagraph and retirement pay under clause (xvi) of this
 252 subparagraph, any pension or annuity income for the taxable year
 253 commencing on or after January 1, 2024, and each taxable year
 254 thereafter, in accordance with the following schedule, for a person who
 255 files a return under the federal income tax as an unmarried individual
 256 whose federal adjusted gross income for such taxable year is less than
 257 one hundred thousand dollars, or as a married individual filing
 258 separately whose federal adjusted gross income for such taxable year is
 259 less than one hundred thousand dollars, or as a head of household
 260 whose federal adjusted gross income for such taxable year is less than
 261 one hundred thousand dollars:

T1	Federal Adjusted Gross Income	Deduction
T2	Less than \$75,000	100.0%
T3	\$75,000 but not over \$77,499	85.0%
T4	\$77,500 but not over \$79,999	70.0%
T5	\$80,000 but not over \$82,499	55.0%
T6	\$82,500 but not over \$84,999	40.0%

	<i>SB 83</i>	<i>Amendment</i>
T7	\$85,000 but not over \$87,499	25.0%
T8	\$87,500 but not over \$89,999	10.0%
T9	\$90,000 but not over \$94,999	5.0%
T10	\$95,000 but not over \$99,999	2.5%
T11	\$100,000 and over	0.0%

262 (xxii) To the extent properly includable in gross income for federal
 263 income tax purposes, except for retirement benefits under clause (iv) of
 264 this subparagraph and retirement pay under clause (xvi) of this
 265 subparagraph, any pension or annuity income for the taxable year
 266 commencing on or after January 1, 2024, and each taxable year
 267 thereafter, in accordance with the following schedule for married
 268 individuals who file a return under the federal income tax as married
 269 individuals filing jointly whose federal adjusted gross income for such
 270 taxable year is less than one hundred fifty thousand dollars:

	Federal Adjusted Gross Income	Deduction
T12		
T13	Less than \$100,000	100.0%
T14	\$100,000 but not over \$104,999	85.0%
T15	\$105,000 but not over \$109,999	70.0%
T16	\$110,000 but not over \$114,999	55.0%
T17	\$115,000 but not over \$119,999	40.0%
T18	\$120,000 but not over \$124,999	25.0%
T19	\$125,000 but not over \$129,999	10.0%
T20	\$130,000 but not over \$139,999	5.0%
T21	\$140,000 but not over \$149,999	2.5%
T22	\$150,000 and over	0.0%

271 (xxiii) The amount of lost wages and medical, travel and housing
 272 expenses, not to exceed ten thousand dollars in the aggregate, incurred
 273 by a taxpayer during the taxable year in connection with the donation
 274 to another person of an organ for organ transplantation occurring on or
 275 after January 1, 2017;

276 (xxiv) To the extent properly includable in gross income for federal

277 income tax purposes, the amount of any financial assistance received
278 from the Crumbling Foundations Assistance Fund or paid to or on
279 behalf of the owner of a residential building pursuant to sections 8-442
280 and 8-443;

281 (xxv) To the extent properly includable in gross income for federal
282 income tax purposes, the amount calculated pursuant to subsection (b)
283 of section 12-704g for income received by a general partner of a venture
284 capital fund, as defined in 17 CFR 275.203(l)-1, as amended from time to
285 time;

286 (xxvi) To the extent any portion of a deduction under Section 179 of
287 the Internal Revenue Code was added to federal adjusted gross income
288 pursuant to subparagraph (A)(xiv) of this subdivision in computing
289 Connecticut adjusted gross income, twenty-five per cent of such
290 disallowed portion of the deduction in each of the four succeeding
291 taxable years;

292 (xxvii) To the extent properly includable in gross income for federal
293 income tax purposes, for a person who files a return under the federal
294 income tax as an unmarried individual whose federal adjusted gross
295 income for such taxable year is less than seventy-five thousand dollars,
296 or as a married individual filing separately whose federal adjusted gross
297 income for such taxable year is less than seventy-five thousand dollars,
298 or as a head of household whose federal adjusted gross income for such
299 taxable year is less than seventy-five thousand dollars, or for a husband
300 and wife who file a return under the federal income tax as married
301 individuals filing jointly whose federal adjusted gross income for such
302 taxable year is less than one hundred thousand dollars, for the taxable
303 year commencing January 1, 2023, twenty-five per cent of any
304 distribution from an individual retirement account other than a Roth
305 individual retirement account;

306 (xxviii) To the extent properly includable in gross income for federal
307 income tax purposes, for a person who files a return under the federal
308 income tax as an unmarried individual whose federal adjusted gross

309 income for such taxable year is less than one hundred thousand dollars,
 310 or as a married individual filing separately whose federal adjusted gross
 311 income for such taxable year is less than one hundred thousand dollars,
 312 or as a head of household whose federal adjusted gross income for such
 313 taxable year is less than one hundred thousand dollars, (I) for the taxable
 314 year commencing January 1, 2024, fifty per cent of any distribution from
 315 an individual retirement account other than a Roth individual
 316 retirement account, (II) for the taxable year commencing January 1, 2025,
 317 seventy-five per cent of any distribution from an individual retirement
 318 account other than a Roth individual retirement account, and (III) for
 319 the taxable year commencing January 1, 2026, and each taxable year
 320 thereafter, any distribution from an individual retirement account other
 321 than a Roth individual retirement account. The subtraction under this
 322 clause shall be made in accordance with the following schedule:

T23	Federal Adjusted Gross Income	Deduction
T24	Less than \$75,000	100.0%
T25	\$75,000 but not over \$77,499	85.0%
T26	\$77,500 but not over \$79,999	70.0%
T27	\$80,000 but not over \$82,499	55.0%
T28	\$82,500 but not over \$84,999	40.0%
T29	\$85,000 but not over \$87,499	25.0%
T30	\$87,500 but not over \$89,999	10.0%
T31	\$90,000 but not over \$94,999	5.0%
T32	\$95,000 but not over \$99,999	2.5%
T33	\$100,000 and over	0.0%

323 (xxix) To the extent properly includable in gross income for federal
 324 income tax purposes, for married individuals who file a return under
 325 the federal income tax as married individuals filing jointly whose
 326 federal adjusted gross income for such taxable year is less than one
 327 hundred fifty thousand dollars, (I) for the taxable year commencing
 328 January 1, 2024, fifty per cent of any distribution from an individual
 329 retirement account other than a Roth individual retirement account, (II)
 330 for the taxable year commencing January 1, 2025, seventy-five per cent

331 of any distribution from an individual retirement account other than a
 332 Roth individual retirement account, and (III) for the taxable year
 333 commencing January 1, 2026, and each taxable year thereafter, any
 334 distribution from an individual retirement account other than a Roth
 335 individual retirement account. The subtraction under this clause shall
 336 be made in accordance with the following schedule:

T34	Federal Adjusted Gross Income	Deduction
T35	Less than \$100,000	100.0%
T36	\$100,000 but not over \$104,999	85.0%
T37	\$105,000 but not over \$109,999	70.0%
T38	\$110,000 but not over \$114,999	55.0%
T39	\$115,000 but not over \$119,999	40.0%
T40	\$120,000 but not over \$124,999	25.0%
T41	\$125,000 but not over \$129,999	10.0%
T42	\$130,000 but not over \$139,999	5.0%
T43	\$140,000 but not over \$149,999	2.5%
T44	\$150,000 and over	0.0%

337 (xxx) To the extent properly includable in gross income for federal
 338 income tax purposes, for the taxable year commencing January 1, 2022,
 339 the amount or amounts paid or otherwise credited to any eligible
 340 resident of this state under (I) the 2020 Earned Income Tax Credit
 341 enhancement program from funding allocated to the state through the
 342 Coronavirus Relief Fund established under the Coronavirus Aid, Relief,
 343 and Economic Security Act, P.L. 116-136, and (II) the 2021 Earned
 344 Income Tax Credit enhancement program from funding allocated to the
 345 state pursuant to Section 9901 of Subtitle M of Title IX of the American
 346 Rescue Plan Act of 2021, P.L. 117-2;

347 (xxxi) For the taxable year commencing January 1, 2023, and each
 348 taxable year thereafter, for a taxpayer licensed under the provisions of
 349 chapter 420f or 420h, the amount of ordinary and necessary expenses
 350 that would be eligible to be claimed as a deduction for federal income
 351 tax purposes under Section 162(a) of the Internal Revenue Code but that

352 are disallowed under Section 280E of the Internal Revenue Code
353 because marijuana is a controlled substance under the federal
354 Controlled Substance Act;

355 (xxxii) To the extent properly includable in gross income for federal
356 income tax purposes, for the taxable year commencing on or after
357 January 1, 2025, and each taxable year thereafter, any common stock
358 received by the taxpayer during the taxable year under a share plan, as
359 defined in section 12-217ss;

360 (xxxiii) To the extent properly includable in gross income for federal
361 income tax purposes, the amount of any student loan reimbursement
362 payment received by a taxpayer pursuant to section 10a-19m;

363 (xxxiv) Contributions to an ABLE account established pursuant to
364 sections 3-39k to 3-39q, inclusive, not to exceed five thousand dollars for
365 each individual taxpayer or ten thousand dollars for taxpayers filing a
366 joint return;

367 (xxxv) To the extent properly includable in gross income for federal
368 income tax purposes, the amount of any payment received pursuant to
369 subsection (c) of section 3-122a;

370 (xxxvi) For an account holder, as defined in section 12-724b, who files
371 a return under the federal income tax as an unmarried individual, a
372 married individual filing separately or a head of household, whose
373 federal adjusted gross income for the taxable year is less than one
374 hundred twenty-five thousand dollars or who files a return under the
375 federal income tax as married individuals filing jointly whose federal
376 adjusted gross income for the taxable year is less than two hundred fifty
377 thousand dollars:

378 (I) To the extent not deductible in determining federal adjusted gross
379 income, for the taxable year commencing January 1, 2027, an amount
380 equal to the contributions deposited during the taxable years
381 commencing January 1, 2026, and January 1, 2027, in a first-time
382 homebuyer savings account established pursuant to subsection (c) of

383 section 12-724b, less any amounts withdrawn during said taxable years
384 by the account holder from such account under subparagraph (D) of
385 subdivision (2) of subsection (f) of section 12-724b. The amount claimed
386 under this subclause shall not exceed two thousand five hundred
387 dollars for each such taxable year for an unmarried individual, a
388 married individual filing separately or a head of household and five
389 thousand dollars for each such taxable year for married individuals
390 filing jointly;

391 (II) To the extent not deductible in determining federal adjusted gross
392 income, for the taxable year commencing January 1, 2028, and each
393 taxable year thereafter, an amount equal to the contributions deposited
394 during the taxable year in a first-time homebuyer savings account
395 established pursuant to subsection (c) of section 12-724b, less any
396 amounts withdrawn during the taxable year by the account holder from
397 such account pursuant to subparagraph (D) of subdivision (2) of
398 subsection (f) of section 12-724b. The amount allowed to be claimed
399 under this subclause for the taxable year shall not exceed two thousand
400 five hundred dollars for an unmarried individual, a married individual
401 filing separately or a head of household and five thousand dollars for
402 married individuals filing jointly; and

403 (III) To the extent properly includable in gross income for federal
404 income tax purposes, for the taxable year commencing January 1, 2027,
405 and each taxable year thereafter, an amount equal to the sum of all
406 interest accrued on a first-time homebuyer savings account, established
407 pursuant to subsection (c) of section 12-724b, during the taxable year;
408 [and]

409 (xxxvii) To the extent properly includable in gross income for federal
410 income tax purposes, for the taxable year commencing January 1, 2027,
411 and each taxable year thereafter, for an account holder who is a qualified
412 beneficiary of a first-time homebuyer savings account, as those terms
413 are defined in section 12-724b, and who files a return under the federal
414 income tax as an unmarried individual, a married individual filing
415 separately or a head of household, whose federal adjusted gross income

416 for the taxable year is less than one hundred twenty-five thousand
 417 dollars or who files a return under the federal income tax as married
 418 individuals filing jointly whose federal adjusted gross income for the
 419 taxable year is less than two hundred fifty thousand dollars, an amount
 420 equal to any withdrawal from such account that is used to pay or
 421 reimburse such qualified beneficiary for eligible costs, as defined in
 422 section 12-724b, incurred by the qualified beneficiary; and

423 (xxxviii) For taxable years commencing on or after January 1, 2026, to
 424 the extent deductible pursuant to P.L. 119-21 for federal income tax
 425 purposes, the amount of qualified overtime compensation and qualified
 426 tip income."

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	12-701(a)(20)(B)