



General Assembly

**Amendment**

*February Session, 2026*

LCO No. 757



\* S B 0 0 0 8 3 0 0 7 5 7 H R 0 \*

Offered by:

REP. CANDELORA V., 86<sup>th</sup> Dist.  
REP. O'DEA, 125<sup>th</sup> Dist.  
REP. RUTIGLIANO, 123<sup>rd</sup> Dist.  
REP. ACKERT, 8<sup>th</sup> Dist.  
REP. ZUPKUS, 89<sup>th</sup> Dist.

To: Senate Bill No. 83

File No.

Cal. No.

***"AN ACT ESTABLISHING THE FEDERAL CUTS RESPONSE FUND."***

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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%

<b><i>SB 83</i></b>		<b><i>Amendment</i></b>
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 income tax purposes, except for retirement benefits under clause (iv) of this subparagraph and retirement pay under clause (xvi) of this subparagraph, any pension or annuity income for the taxable year commencing on or after January 1, 2024, and each taxable year thereafter, in accordance with the following schedule for married individuals who file a return under the federal income tax as married individuals filing jointly whose federal adjusted gross income for such taxable year is less than one hundred fifty thousand dollars:	
T12	Federal Adjusted Gross Income	Deduction
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 expenses, not to exceed ten thousand dollars in the aggregate, incurred by a taxpayer during the taxable year in connection with the donation to another person of an organ for organ transplantation occurring on or 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:

	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:

	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)