CONNECTICUT GENERAL ASSEMBLY

Office of Fiscal Analysis Office of Legislative Research

775TO: Members of the Finance, Revenue and Bonding Committee

FROM: OFA & OLR Staff

RE: Items for April 23, 2025, Agenda

BILLS FOR REVIEW

1. S.B. No. 1246 (COMM) AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET. (FIN) (**JFS**)

Fiscal Impact:

Policy	Fund impacted	FY 25	FY 26	FY 27	Notes
Eliminate Provision Allowing Certain Corporations to Claim 100% Net Operating Loss	General Fund	-	8.3	8.3	Same as Gov
Adjust Combined Unitary Reporting Cap	General Fund	-	133.1	83.2	Same as Gov
Adjust Film Production Tax Credit	General Fund	-	4.2	7.8	Different than Gov. Effective 1/1/2025. Adjust the film tax credit qualifying expenditure thresholds as follows: $1-$1M = 10%; $1M-$10M = 15%; $10M or greater = 30%
Extend 10% Corporate Tax Surcharge to Income Year 2028	General Fund	-	48.0	80.0	Same as Gov
Exempt the Purchase of Ambulances from the Sales and Use Tax	General Fund	-	(0.450)	(0.450)	Same as Section 4 of HB 7176
Id.	Special Transportation Fund	-	(0.050)	(0.050)	Id.
Id.	Municipal Revenue Sharing Fund	-	(0.050)	(0.050)	Id.
Rebase Hospital User Fee	General Fund	-	-	140	Same as Gov
Eliminate Certain Occupational License	General Fund	-	(18.8)	(25.0)	Same as Gov

Policy	Fund impacted	FY 25	FY 26	FY 27	Notes
Application & Renewal Fees					
Raise the Cap on the Research & Development Credit Exchange for Biotech Firms	General Fund	-	(1.8)	(1.8)	Same as Gov
Accrue Tobacco Products Tax Beginning in FY 2026	General Fund	-	1.0	-	Same as Gov
Accrue Controlling Interest Tax Beginning in FY 2026	General Fund	-	0.5	-	Same as Gov
Close-Out the Itinerant Vendors Guaranty Fund	General Fund		0.050	-	Same as Gov
	Itinerant Vendors Guaranty Fund		(0.050)	-	Same as Gov
Increase (Annual) Dues Tax Exemption from $100 to $250	General Fund	-	(0.3)	(0.3)	Same as Section 5 of HB 7176
Establish a Child Tax Credit	General fund	-	(82.7)	(82.7)	NEW program effective 1/1/2026. $150 per child credit with a max of $450 credit. Includes a phase-out of 10% for every $1,000 of income above the full-credit thresholds ($100k single/separate, $160k HoH, $200k joint).
Establish a Farm Investment Tax Credit	General Fund	-	(2.5)	(2.5)	Same as Section 1 of HB 7175
Establish a Tax Credit for Businesses that enter into a Name, Image and Likeness (NIL) Agreement with a Student Athlete	General Fund	-	(5.0)	(5.0)	NEW program effective 1/1/2025; $5 million annual program cap; 50% tax credit for eligible businesses applicable against the Personal Income Tax, Corporation Business Tax, and Insurance Premiums Tax
Establish a Refundable Personal Income Tax Credit of $500 for Home Day Care Owners	General Fund	-	-	(0.9)	Same as HB 7240 except striking the “up to 3 homes” language
Establish a Tax Credit for an Employer's Contributions to Employees' CHET Accounts	General Fund	-	(0.4)	(0.4)	Same as sSB 462

This is an informal working document that was prepared under time constraints; it is not for publication and is subject to change or correction.

Policy	Fund impacted	FY 25	FY 26	FY 27	Notes
Adjust Volatility Cap Threshold	General Fund	1,000	376.9	397.4	Gov proposal per Sec. 12 of SB 1246 modified as follows: 1) Use 3-year historical average (rather than 5-year historical average per the Governor) to determine volatility starting point in FY 18 in FY 26+ ; and 2) Increase the FY 25 volatility threshold to access remaining volatile revenues after a) the Budget Reserve Fund is increased to its current 18% maximum in FY 26 and b) corresponding "waterfall" deposits are made into the pensions funds (each estimated at $200m for this purpose).
Reserve FY 25 Volatility	General Fund	(700.0)	-	-	
Reserve FY 25 Volatility	NEW Supplemental Budget Reserve Fund	700.0	-	-	To provide for a transfer of funds due to a decline in General Fund revenues for the current biennium of one per cent or more or due to a change in circumstances since the budget was adopted.

2. S.B. No. 1247 (COMM) AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE. (FIN) (**JFS**)

- Changes bond authorizations; see associated attached materials.

3. S.B. No. 1552 (RAISED) AN ACT PROMOTING THE OWNERSHIP AND USE OF GOLD AND SILVER IN THE STATE AND ESTABLISHING THE CONNECTICUT BULLION DEPOSITORY AND THE GOLD START SAVINGS PROGRAM. (FIN) (**JFS**)

Summary of Substitute Bill:

- Creates a Connecticut Precious Metals Working Group to study precious metal prices and activities and related legislation and issue annual reports summarizing its findings

- Modifies the current sales tax exemption on the sale and storage or use of rare or antique coins, gold or silver bullion, and gold or silver legal tender traded according to its value as precious metal by: (1) exempting all sales, storages, and uses instead of just those valued at $1,000 or greater, (2) limiting the gold and silver bullion exemption to those with a purity level of at least 90%, and (3) extending the exemption to palladium bullion and platinum
- EFFECTIVE DATE: Upon passage, except the sales tax provision is effective January 1, 2026, and applicable to sales occurring and taxable years commencing on or after that date.

Fiscal Impact:

- The bill results in a **revenue loss of $2.25 million in FY 26 and $4.5 million annually thereafter** by extending the sales tax exemption to certain metals to sales under $1,000.
- The bill also creates a working group which results in no fiscal impact to the state.

4. S.B. No. 1555 (RAISED) AN ACT CONCERNING THE TEN-YEAR PLAN TO ERADICATE CONCENTRATED POVERTY IN PARTICIPATING CONCENTRATED POVERTY CENSUS TRACTS. (FIN) (**JF**)

Summary of Bill:

- Expands the agencies and entities involved in developing a 10-year plan to reduce the levels of concentrated poverty in a designated "concentrated poverty census tract" participating in a DECD pilot program to include DECD, DOH, and the regional workforce development board that serves the participating area
- Requires the DECD commissioner by September 1, 2025, to submit an additional progress report to the Finance, Revenue and Bonding Committee on the 10-year plan
- Eliminates provisions establishing a seven-member working group of legislators to develop a guidance document by April 1, 2025, that sets a framework for (1) best practices and any initiatives or actions it believes will mitigate the effects of concentrated poverty and (2) specific metrics to include in the 10-year plan
- EFFECTIVE DATE: Upon passage

Fiscal Impact:

- No fiscal impact

5. S.B. No. 1560 (RAISED) AN ACT CONCERNING CONNECTICUT'S ECONOMY, ELECTRICITY AFFORDABILITY AND BUSINESS COMPETITIVENESS AND ESTABLISHING THE CONNECTICUT ENERGY PROCUREMENT AUTHORITY AND THE GREEN BOND FUND. (FIN) (**JF**)

Summary of Bill:

- Creates the Connecticut Energy Procurement Authority (CEPA) as a quasi-public agency to, among other things:
    - make studies, surveys, and estimates as needed to determine the feasibility and cost of additional electric power sources or supplies to implement an electric procurement portfolio sufficient to provide an alternative to standard service
    - study and report on electric customer usage patterns and the efficacy of investments in electrification projects and grid-scale electricity storage projects

    - mandate, develop, and recommend to PURA time-of-use (TOU) rate structures for electric generation, transmission, and distribution services (§§ 2-8)
- Creates the Electric Rate Stabilization Fund (ERSF), administered by CEPA, to reduce volatility in electric generation service costs for residents and business in the state who receive standard service (§ 9)
- Requires CEPA to develop a plan to procure energy generation services and related wholesale electricity market products in way that reduces the average cost of standard service while keeping cost volatility within reasonable levels (§ 10)
- Designates all in-state nuclear plants (Millstone) as Class I renewable energy sources instead of just those constructed on or after October 1, 2023 (§ 12)
- Starting July 1, 2025, requires PURA proceedings to establish or approve tariffs that include a credit for any amount of energy produced by a facility and not consumed (e.g., credits for rooftop solar energy) to apply the credit only against an end user's electric supply cost and not against any distribution, transmission, or other delivery-related cost, including the combined public benefits charge (§ 13)
- Changes electric bill components by replacing the one that currently includes the system benefits charge and the federally mandated congestion charge with one made up of any other charges approved by PURA (§ 14)
- Creates the Green Bond Fund, administered by PURA, to pay expenses incurred for programs that benefit the electric grid, promote energy efficiency, and benefit ratepayers; authorizes $2.4 billion in bonds for PURA to use to administer the Green Bond Fund (i.e., at $800 million per year, enough for three years) (§§ 15-31, 36-37 & 46)
- Requires each EDC to apply to PURA by July 1, 2026, to implement TOU rates for (1) residential customers and (2) commercial and industrial customers (§§ 32-34)
- Creates the Energy Infrastructure Transition Fund (EITF), administered by CEPA, and funded through a new 7 mills per kilowatt hour charge on electric ratepayers to, among other things, support adoption of smart meter infrastructure and electric billing system upgrades and electric vehicle infrastructure adoption (§ 35)
- Allows EDCs to submit an application to PURA for a financing order (that PURA adopts) with respect to incurred storm costs (§§ 38-44)
- Exempts electricity used at a commercial or industrial property from the state sales and use tax (§ 45)
- EFFECTIVE DATE: July 1, 2025, and the tax exemption is applicable to sales occurring on or after that date.

Fiscal Impact:

- The bill results in a **revenue loss to the state of approximately $100 million annually** by exempting the sale of any electricity used at a commercial or industrial property from the sales tax.
- The bill could result in additional costs to the Public Utilities Regulatory Authority (PURA) associated with increased staffing related to additional case hearings, proceedings and reporting requirements contained within the bill.
- Additionally, it authorizes $2.4 billion in new General Obligation bonds for the Green Bond Fund. To the extent bonds are fully allocated when available, total debt repayment is anticipated to be approximately $3.4 billion over the 20-year duration of the bonds.

6. H.B. No. 7267 (RAISED) AN ACT CONCERNING THE FISCAL ACCOUNTABILITY REPORT. (FIN) (**JFS**)

Summary of Substitute Bill:

- Changes specified components of the annual legislative reports OPM and OFA must submit on revenue and spending estimates for the current biennium and the three following fiscal years (i.e., fiscal accountability reports)
    - Requires the reports to include an (1) estimate of material and likely changes to nonfixed costs, in addition to spending changes due to fixed cost drivers, as current law requires, and (2) an analysis of the state's preparedness for plausible recession scenarios, including (a) estimating the size of multiyear budget deficits that could result from revenue declines and other contingencies and (b) assessing whether the Budget Reserve Fund and other state resources are enough to address these deficits
    - Eliminates the requirements that the reports include (1) the total spending change required to accommodate fixed cost drivers without exceeding current revenue estimates and (2) an analysis of possible uses of surplus funds, including paying into the Budget Reserve Fund, retiring debt, and funding pension liabilities
- EFFECTIVE DATE: Upon passage

Fiscal Impact:

- No fiscal impact.

7. H.B. No. 7268 (RAISED) AN ACT CONCERNING THE JOBSCT TAX REBATE PROGRAM. (FIN) (**JF**)

Summary of Bill:

- Adds a lower threshold to be eligible for the JobsCT tax rebate program, specifically allowing businesses with no more than 75 employees to qualify if they create and maintain five full-time equivalent employees (FTEs) within the law's specified period (existing law generally requires businesses of any size to add 25 or 15 FTEs)
- EFFECTIVE DATE: October 1, 2025

Fiscal Impact:

- The bill, which establishes lower eligibility standards for the JobsCT tax rebate program for businesses with 75 or fewer employees, results in a General Fund revenue losses of less than $100,000 in FY 28, approximately $150,000 in FY 29, and approximately $500,000 in FY 30. The **annual revenue loss is expected to peak at $2.1 million in FY 34 before falling to $1.1 million by FY 37.**

8. H.B. No. 7271 (RAISED) AN ACT ESTABLISHING A WORKING GROUP TO STUDY BEVERAGE CONTAINER REDEMPTION RATES IN THE STATE AND REDUCING THE FEE ON INFUSED BEVERAGE CONTAINERS. (FIN) (**JF**)

Summary of Bill:

- Creates a working group to study whether the refund value for beverage containers should be adjusted by examining, among other things, the effect of the recent refund value increase on redemption rates, beverage consumption, and costs to deposit initiators

- Reduces, from $1 to 5 cents, the fee on infused beverage and legacy infused beverage containers sold by certain cannabis related dispensary facilities, hybrid retailers, and retailers
- EFFECTIVE DATE: Upon passage, except the fee reduction is effective October 1, 2025, and applicable to sales occurring on or after that date.

Fiscal Impact:

- The bill reduces the fee for a THC infused beverage from one dollar to five cents for certain cannabis related facilities resulting in an **annual revenue loss to the consumer protection enforcement account of approximately $250,000**.
- The bill also creates a working group which results in no fiscal impact to the state.

9. H.B. No. 7274 (RAISED) AN ACT CONCERNING THE OPTIONAL HOMESTEAD PROPERTY TAX EXEMPTION. (FIN) (**JF**)

Summary of Bill:

- Allows municipalities that adopt a local option homestead exemption to limit its eligibility by (1) capping the assessed value of qualifying dwellings or (2) requiring owners to have lived in the property for a specified period of time to qualify
- EFFECTIVE DATE: Upon passage

Fiscal Impact:

- The bill results in a grand list increase to the extent fewer people qualify for the homestead property tax exemption. The bill will have no impact on municipalities that do not already offer this exemption.

10. H.B. No. 7275 (RAISED) AN ACT CONCERNING THE REGULATION OF CIGARETTES, TOBACCO PRODUCTS, ELECTRONIC NICOTINE DELIVERY SYSTEMS AND VAPOR PRODUCTS. (FIN) (**JFS**)

Summary of Substitute Bill:

- Modifies the definition of “cigarettes” subject to the state’s cigarette tax to (1) align it with the definition used for purposes of the state’s master settlement agreement with tobacco companies and (2) expand it to include any roll, stick, or capsule of tobacco intended to be heated under ordinary conditions of use
    - By expanding the definition of cigarette, the bill potentially expands the (1) types of products subject to the state’s cigarette tax and (2) distributors and manufacturers subject to the existing laws and restrictions on selling cigarettes in Connecticut (e.g., licensing and escrow account requirements)
- Generally extends to tobacco products the existing restrictions on shipping and transporting cigarettes in the state and the related penalties for violating these requirements; makes violations of these shipping and transporting requirements for both cigarettes and tobacco products an unfair trade practice under CUTPA
    - Exempts from the shipping and transporting restrictions shipments of certain premium cigars; under the bill, shipments of these premium cigars are subject the same shipping and age verification requirements currently required for cigarette shipments
- Imposes similar restrictions and penalties on shipping and transporting e-cigarettes and vapor products (specifically, makes first violations of these requirements a class B misdemeanor and

subsequent violations a class A misdemeanor); also makes these violations an unfair trade practice under CUTPA

- Increases the maximum fines that may be imposed on someone who sells, gives, or delivers e-cigarettes or vapor products to individuals under age 21 to $1,000 for each offense, rather than the current maximum of $300 for a first offense, $750 for a second offense, and $1,000 for each subsequent offense
- Requires sellers of e-cigarettes or vapor products to ask that each person intending to purchase these products to present a driver's license, passport, or identity card to verify that they are at least 21 years old
- EFFECTIVE DATE: July 1, 2025

Fiscal Impact:

- Section 1 expands the definition of "cigarette" for tax purposes to include any roll, stick, or capsule of tobacco intended to be heated under ordinary conditions of use. This results a potential revenue gain which is anticipated to be initially minimal but which may grow in the future depending on market share.
- Section 2 expands an existing class A misdemeanor and an existing class C felony which results in a potential cost to the Department of Correction and the Judicial Department for incarceration or probation and a potential revenue gain to the General Fund from fines.
- Section 2 and 3 of the bill create two new unfair trade practice violations resulting in a cost to the Department of Consumer Protection (DCP). To meet the requirements of the bill **DCP will need to hire two additional employees for an approximate salary cost of $200,000 per year and a fringe benefit cost of $80,000 per year**. These employees are needed to field complaints, gather information, and conduct investigations.
- Section 3 establishes a civil penalty of up to $10,000 for each violation which results in a potential minimal General Fund revenue gain beginning in FY 26.
- Section 3 creates a class a class B misdemeanor for a first offense of improperly transporting e-cigarettes or vape products and a class A misdemeanor for subsequent offenses, results in a potential cost to the Judicial Department for probation and a potential revenue gain to the General Fund from fines.
- Section 4 increases the fine for violations to a maximum of $1,000 resulting in a potential revenue gain to the state to the extent violations occur.

11. H.B. No. 7276 (RAISED) AN ACT CONCERNING THE MUNICIPAL EMPLOYEES RETIREMENT SYSTEM. (FIN) (**JFS**)

Summary of Substitute Bill:

- Creates a new benefit tier in the Connecticut municipal employees retirement system (CMERS) named MERS 2.0 and sets its parameters
    - Requires CMERS-participating municipalities to enroll new members in MERS 2.0 starting on the later of (1) July 1, 2027, or (2) the expiration date of a collective bargaining agreement that was applicable to the member's position and in effect on July 1, 2027
    - Allows any nonparticipating municipality to enroll in MERS 2.0 on the later of (1) July 1, 2026, or (2) the expiration date of an applicable collective bargaining agreement that was in effect on July 1, 2026

- Requires the Connecticut Municipal Employees Retirement Commission (CMERC) to create and administer a MERS defined contribution retirement plan by July 1, 2026, for all CMERS municipalities
    - Requires (1) all CMERS members to contribute 0.25% of their pay to the defined contribution plan and (2) MERS 2.0 members to contribute an additional 5% of their overtime pay (for regular employees) or 8% of their overtime pay (for public safety employees)
    - Requires all participating municipalities to make contributions matching the overtime-based contributions of their MERS 2.0 members
- Authorizes CMERC to set up and implement an annuity plan as an alternative to CMERS for nonparticipating municipalities; requires the state comptroller to administer the plan
- EFFECTIVE DATE: Upon passage

Fiscal Impact:

- The bill results in **potential savings to municipalities** currently electing to participate in the municipal employees retirement system (MERS), starting in FY 27. Actual impacts will depend on plan demographics, and performance. The bill outlines a new tier and benefit option for members that have lower contribution rates than the current system and are designed to reduce volatility in the system's liability.

12. H.B. No. 7264 (RAISED) AN ACT CONCERNING INITIATIVES FOR THE COLLECTION OF UNPAID TAXES AND THE DEPARTMENT OF REVENUE SERVICES' RECOMMENDATIONS FOR REVISIONS TO THE TAX AND RELATED STATUTES. (FIN) (**JFS**)

Summary of Substitute Bill:

- Requires the OPM secretary and DRS commissioner to (1) develop a pilot program to collect unpaid state taxes, penalties, and interest due from state contractors receiving payments from the state and (2) present the program to the Finance, Revenue and Bonding Committee by January 1, 2026 (§ 1)
- Eliminates the requirement that the DRS commissioner approve CHFA's written procedures to implement the Housing Tax Credit Contribution program (§ 2)
- Shifts, from DRS to DCP, the responsibility for issuing annual assessments to the Mashantucket Pequot and Mohegan tribes for regulatory costs incurred by state agencies that are reimbursable under the compacts the state entered into with the tribes (§§ 3 & 4)
- EFFECTIVE DATE: Upon passage

Fiscal Impact:

- No fiscal impact.

13. H.B. No. 7273 (RAISED) AN ACT IMPOSING A TAX ON CERTAIN SWEETENED BEVERAGES, SYRUPS AND POWDERS AND DEDICATING THE REVENUE GENERATED TO A UNIVERSAL FREE SCHOOL MEALS PROGRAM. (FIN) (**JFS**)

Summary of Substitute Bill:

- Creates a working group to study ways to fund a program to provide public school students with free breakfasts and lunches and report its findings and recommendations to the legislature by January 1, 2026

- EFFECTIVE DATE: Upon passage

Fiscal Impact:

- No fiscal impact.

14. S.B. No. 1528 (RAISED) AN ACT CONCERNING A STUDY OF STATE TAXATION. (FIN) (**JFS**)

Summary of Substitute Bill:

- Requires the top two marginal state income tax rates to be increased, from 6.9% and 6.99% to 7.5% and 7.99%, respectively, if the highest marginal rate imposed under the federal income tax (currently 37%) is decreased; the rate increases apply to the same tax year to which the federal decrease applies, and each tax year after

Table: Income Tax Rates and Brackets Under Current Law and the Bill

Tax Rate		Connecticut Taxable Income ($)		
Current Law	Bill	Single and Married Filing Separately	Heads of Household	Married Filing Jointly
2%	2%	0 to 10,000	0 to 16,000	0 to 20,000
4.5%	4.5%	10,001 to 50,000	16,001 to 80,000	20,001 to 100,000
5.5%	5.5%	50,001 to 100,000	80,001 to 160,000	100,001 to 200,000
6%	6%	100,001 to 200,000	160,001 to 320,000	200,001 to 400,000
6.5%	6.5%	200,001 to 250,000	320,001 to 400,000	400,001 to 500,000
6.9%	7.5%	250,001 to 500,000	400,001 to 800,000	500,001 to 1,000,000
6.99%	7.99%	> 500,000	> 800,000	> 1,000,000

- Imposes a temporary capital gains surcharge on taxpayers, other than trusts or estates, with incomes in the top two income tax brackets (0.75% for the second highest and 1% for the highest); surcharge applies for the 2025 through 2028 tax years
- EFFECTIVE DATE: Upon passage for the income tax provision and July 1, 2025, for the capital gains surcharge.

Fiscal Impact:

- Section 1 increases the top two state personal income tax marginal rates, contingent on the highest federal personal income tax marginal rate being decreased. This results in a **potential annualized General Fund revenue gain of approximately $558 million in any income year in which the federal top marginal rate is decreased.** This also results in a potential one-time cost of up to $150,000 for programing and technological updates for the Department of Revenue Services to implement the change, to the extent it occurs.
- Section 2 establishes a temporary (income years 2025-2028) capital gains tax for certain filers, which results in (1) an **estimated General Fund revenue gain of $190 million annually from FY 26 through FY 29**, (2) a one-time cost of $350,000 to DRS in FY 26 for programming and technology updates and form development to implement the tax, and (3) ongoing costs of $703,550 for five Revenue Examiners ($100,000 each for salary and $40,710 each for fringe benefits) from FY 26 through FY 29 to administer the tax.

15. [S.B. No. 1557](#) (RAISED) AN ACT ESTABLISHING THE INVESTMENT BOARD AND CONCERNING INDEPENDENT REVIEW OF THE INVESTMENT PERFORMANCE OF THE STATE'S PENSION FUNDS. (FIN) (**JF**)

Summary of Bill:

- Sunsets the 12-member Investment Advisory Council (IAC) as of July 1, 2027, and replaces it with a 12-member Investment Board, chaired by the state treasurer
    - Requires the Investment Board to oversee the treasurer's trust fund investments (under current law, the IAC reviews the treasurer's trust fund investments); generally transfers to the Investment Board the IAC's responsibilities, including to review any investment services provider contracts the treasurer recommends (§§ 3 & 5-12)
    - Requires the Investment Board to recommend and adopt the investment policy statement that it determines to be in the state's best interest, rather than requiring the treasurer to recommend a draft investment policy statement to the IAC and revise it to incorporate the council's changes until it is approved (§ 3)
    - Eliminates the governor's authority to direct the treasurer to change any of his investments (under current law, the IAC must determine that it is in the state's best interest to make these changes) (§ 3)
    - Transfers, from the treasurer to the Investment Board, the authority to appoint investment-related staff and set their compensation (§ 2)
    - Transfers, from the treasurer to the Investment Board, the authority to direct the interest earned on state funds invested by the treasurer to be credited to a fund other than the General Fund (§ 4)
- Requires a private advisory firm to conduct an annual independent review of the investment performance of the state's pension funds; requires the Office of Legislative Management, by January 1, 2026, to issue a request for proposals for services from a private advisory firm with demonstrated expertise in asset management and financial services and contract with a firm by January 1, 2027 (§ 13)
- EFFECTIVE DATE: July 1, 2027, except the provision concerning the independent investment performance review is effective upon passage.

Fiscal Impact:

- Sections 1-12: The fiscal impact is uncertain, as the impact will be based on future decisions of the Investment Board and whether those decisions result in different investment earnings and/or administrative costs paid from investment earnings than the decisions that would otherwise be made by the Treasurer.
- There is a cost to the Office of Legislative Management to contract with an advisory firm to perform the annual review of the state's pension fund performance (sec. 13).
- **The final cost is dependent on the responses to the RFP but is anticipated to be $200,000 to $500,000 per year beginning in FY 27.**

16. [S.B. No. 1558](#) (RAISED) AN ACT CONCERNING INCOME TAXES IMPOSED BY OTHER JURISDICTIONS ON RESIDENTS OF THE STATE. (FIN) (**JFS**)

Summary of Substitute Bill:

- Modifies the credit for income taxes paid to qualifying jurisdictions by reducing the credit allowed for any income derived from services rendered in CT by multiplying it by 99%
    - By law, the total credit amount is limited to the lesser of the (1) amount of income tax paid to the qualifying jurisdiction; (2) portion of CT income tax due on the CT AGI sourced in the qualifying jurisdiction (or, for part-time residents, the amount of Connecticut income tax due on the portion of CT AGI sourced in the qualifying jurisdiction and earned during the taxpayer's residency portion of the tax year); or (3) taxpayer's CT income tax liability
- Requires the attorney general to study ways to defend residents from having income tax imposed by other jurisdictions on income derived from services rendered while they are within CT
- Creates an income tax credit for any state resident taxpayer that successfully challenges another state's convenience of the employer rule; credit equals 50% of the amount of their CT taxes owed after readjusting the credit for taxes paid to another jurisdiction
- EFFECTIVE DATE: Upon passage, except the changes to the existing credit are effective January 1, 2026, and applicable to taxable years commencing on or after that date.

Fiscal Impact:

- Section 1 reduces, by 1%, the credit for income taxes paid to qualifying jurisdictions under the state personal income tax which results in **a revenue gain of approximately $3.5 million beginning in FY 27**.
- Section 2 requires the Office of the Attorney General (OAG) to study the steps it may take to defend residents from having taxes imposed on them by other states resulting in no fiscal impact to the state because the OAG has the expertise to meet the requirements of the bill.
- Section 3 creates a 50% state personal income tax credit for any state resident that successfully challenges another state's convenience of the employer rule. This precludes a revenue gain, the magnitude of which is dependent on the successful challenger's amount of Connecticut taxes that would otherwise be owed.

17. Substitute for H.B. No. 6273 (COMM) AN ACT ESTABLISHING FUNDING FOR FARMERS WHO HAVE CROP LOSS DUE TO SIGNIFICANT ACUTE WEATHER EVENTS. (ENV,FIN) (JF)

Summary of Bill:

- Establishes the Farmers' Crop Loss Reimbursement Grant Program within the Department of Agriculture (DoAg) and authorizes $10 million in general obligation bonding for the program
- DoAg must (1) use the program funds to reimburse Connecticut farmers who incur crop loss due to significant acute weather events; (2) set the program's parameters (e.g., eligibility, funding prioritization rules, maximum reimbursement amounts, the weather events that trigger reimbursement eligibility, and the reimbursement application process) and post them on the agency's website; and (3) act on an application within 60 days after receipt
- EFFECTIVE DATE: July 1, 2025

Fiscal Impact:

- Section 1 of the bill establishes the Farmers' Crop Loss Reimbursement Grant Program within the Department of Agriculture (DoAg). This is anticipated to result in an additional cost as DoAg does not currently have the staff to establish and administer **the new grant program** and **would require two new full-time positions, including: one Grant and Contract Specialist (annual salary of $103,227)** and one Analyst 2 (annual salary of $101,903)**. The additional full-time positions would result in a total cost of $205,130 (corresponding fringe benefits of $83,508) and approximately $10,000 in other expenses.

- Section 2 of the bill authorizes $10 million in new General Obligation bonds for the Farmers' Crop Loss Reimbursement Grant. To the extent bonds are fully allocated when available, total debt repayment is anticipated to be approximately $14.3 million over the 20-year duration of the bonds.

18. Substitute for H.B. No. 6974 (RAISED) (File No. 86) AN ACT CONCERNING THE USE OF FUNDS IN THE TOBACCO SETTLEMENT FUND. (PH,FIN) (**JF**)

Summary of Bill:

- Starting in FY 26, increases, from $12 million to $32 million, the amount of Tobacco Settlement Fund proceeds that must be annually directed to the Tobacco and Health Trust Fund rather than to the General Fund
- EFFECTIVE DATE: July 1, 2025

Fiscal Impact:

- The bill **permanently increases (from $12 million to $32 million) the Tobacco Health Trust Fund's share of tobacco settlement funds each fiscal year, thereby also reducing the General Fund's share by an equal amount.** Under current law, the General Fund is projected in FY 26 to receive $95.9 million in revenue from the tobacco settlement fund, which is reduced to $75.9 million under the bill.

19. H.B. No. 7008 (RAISED) AN ACT CONCERNING A RESEARCH AND DEVELOPMENT EXPENSES TAX CREDIT FOR PASS-THROUGH ENTITIES. (CE,FIN) (**JF**)

Summary of Bill:

- Allows members of pass-through entities to claim a tax credit against the income tax for qualifying research and development (R&D) expenses, starting with the 2026 tax year; the credit must be equal to 6% of R&D expenses a taxpayer pays or incurs during a tax year
- Caps the available credits at $5 million per fiscal year
- Authorizes the revenue services commissioner to adopt related regulations
- EFFECTIVE DATE: January 1, 2026, and applicable to tax years starting on or after that date.

Fiscal Impact:

- The bill, which extends the research and development tax credit to pass-through entities, results in (1) a General Fund **revenue loss of up to $5 million annually beginning in FY 27** and (2) a one-time cost of up to $75,000 to the Department of Revenue Services in FY 27 for programming updates to the CTax tax administration system and myconneCT online portal, as well as form modification.

20. Substitute for H.B. No. 7166 (RAISED) AN ACT CONCERNING THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT'S RECOMMENDATIONS FOR REVISIONS TO CERTAIN TAX CREDIT STATUTES. (CE,FIN) (**JF**)

Summary of Bill:

- Allows a limited liability company (LLC) that meets specified employment and industry parameters to earn R&D credits; to qualify, the LLC must (1) have over 3,000 employees in Connecticut and (2) be engaged in manufacturing, with expertise in mechatronics, alignment and sensor technology, and optical fabrication
- Changes the film production tax credit by
  - exempting eligible production companies that produce an interactive website from the requirements to (1) conduct at least 50% of principal photography days in Connecticut and (2) incur 50% or $1 million of post-production costs here
  - requiring eligible production companies to apply to DECD for a film production tax credit voucher within 90 days after completing an independent certification of their production costs, rather than within 90 days of incurring their last production expenses
- Specifies that the administrative fee DECD charges to cover the department's costs to analyze film production and film infrastructure tax credit applications is nonrefundable
- Authorizes, rather than requires as under current law, DECD to adopt regulations to administer the film production and film infrastructure tax credit programs
- EFFECTIVE DATE: July 1, 2025, except the film production tax credit provisions are applicable to applications open or filed on or after that date.

Fiscal Impact:

- Section 1 allows a limited liability company (LLC) that meets certain employment and industry parameters to earn research and development tax credits. This results in an uncertain fiscal impact as the bill does not allow qualifying LLCs to claim the credits against any taxes for which they are liable. To the extent the credits would be allowed, this result in a General Fund revenue loss of less than $1 million beginning in FY 26.
- Sections 2 & 3 make clarifying, conforming, and administrative changes that do not result in any fiscal impact.