SpecialReport

# 2026 Acts Affecting Taxes

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# Notice to Readers

This report provides summaries of new laws (public acts) significantly affecting taxes enacted during the 2026 regular legislative session. OLR's other Acts Affecting reports, including Acts Affecting Business and Jobs, are, or will soon be, available on OLR's website.

Each summary indicates the public act (PA) number. Not all provisions of the acts are included. The report does not include vetoed acts unless the veto was overridden. Complete summaries of public acts are, or will soon be, available on OLR's website.

Readers are encouraged to obtain the full text of acts that interest them from the General Assembly's website or the Connecticut State Library.

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# Income Tax

## *Exemption for Honor Guard Compensation*

Starting with the 2026 tax year, compensation a taxpayer receives for honor guard detail at a veteran's funeral is exempt from state income tax (PA 26-35, § 18, effective July 1, 2026, and applicable to tax years starting on or after January 1, 2026).

## *Exemption for National Guard Active Service Pay*

Starting with the 2027 tax year, pay a National Guard member receives for being ordered out for active service is no longer subject to state income tax (PA 26-35, § 19, effective July 1, 2026, and applicable to tax years starting on or after January 1, 2027).

## *Exemption for U.S. Public Health Service Commissioned Corps Retirement Pay*

A new law creates an tax deduction for any income received from the federal government as retirement pay for retired members of the U.S. Public Health Service's commissioned corps (a uniformed service) (PA 26-68, § 277, effective July 1, 2026, and applicable to tax years starting on or after January 1, 2026).

## *Withholding for Certain Retirement Income Distributions*

Last year, the legislature temporarily suspended the income tax withholding requirement on lump sum distributions from pensions, annuities, and other specified sources. This session, it extended the temporary suspension by one year, through December 31, 2027.

As under existing law, payers (retirement plan servicers, for example) must withhold taxes from these distributions if the payee has requested it. A "lump sum distribution" is a payment greater than $5,000 or more than 50% of the payee's entire account balance, whichever is less, subject to certain exclusions. Since January 1, 2025, income tax withholding has been required for other (non-lump sum) distributions from pensions, annuities, and other specified sources only if the payee requests it (PA 26-130, § 18, effective July 1, 2026).

# Sales and Use Tax

## *Exemption for Nonelectronic School Supplies*

Starting July 1, 2026, nonelectronic school supplies purchased for nonbusiness purposes are exempt from the state's 6.35% sales and use tax. The new law requires the Department of Revenue Services (DRS) to issue policies and procedures that (1) identify which school supplies qualify for the exemption and (2) set criteria for determining when a purchase is for business purposes (PA 26-68, § 272, as amended by PA 26-76, § 101, effective July 1, 2026, and applicable to sales occurring on or after that date).

### *Sales Tax Free Week Expansion*

New legislation expands the sales and use tax exemption for clothing and footwear sold from the third Sunday in August through the following Saturday (sales tax free week) to (1) items costing less than $300, rather than $100, and (2) backpacks and cleated shoes costing less than $300 (PA 26-68, § 262, effective upon passage).

### *Study on Sales and Use Tax Exemption for Veterans' Organizations*

A new law requires the DRS commissioner, with the Veterans Affairs commissioner and specified stakeholders, to study (1) the amount of tangible personal property or services certain veterans' organizations purchase annually and (2) evaluate the fiscal impact of establishing a state's sales and use tax exemption for them. He must submit findings and recommendations to the Veterans' and Military Affairs Committee by January 1, 2027 (PA 26-35, § 23, effective upon passage).

## Other State and Local Taxes

### *Corporation Business Tax Changes in Response to Federal FY 25 Reconciliation Act*

The legislature made several changes to the state's corporation business tax in response to federal changes enacted under the FY 25 Reconciliation Act (P.L. 119-21). Specifically, it (1) decoupled from the federal bonus depreciation deduction for qualified production property, starting with the 2026 income year; (2) delayed, by one year, conforming the tax to recent changes in the federal deduction for domestic research and experimental expenditures and disallowed the retroactive application of these changes for the 2022 to 2025 income years; and (3) generally exempted corporation business taxpayers from penalties and interest on any additional tax due to these changes (PA 26-68, §§ 265 & 266, effective upon passage).

### *Hospital Provider Tax Changes*

This session, the legislature restructured the hospital provider tax primarily by (1) decreasing the tax rate on inpatient hospital services from 6% to 4% for FYs 27 through 31 and 3.5%

starting in FY 32; (2) decreasing the total revenue on which the outpatient hospital services tax is calculated; (3) changing the base year used to calculate the tax; and (4) requiring children's general hospitals to pay the tax starting July 1, 2026.

The new law also diverts hospital provider tax revenue to a new dedicated account that must be used to make newly revamped supplemental payments to hospitals, hospital-affiliated medical groups, and faculty practice plans. It sets up several supplemental payment pools with a corresponding payment schedule for each one and also set requirements for various disproportionate share hospital payments (PA 26-68, §§ 357-363, and PA 26-76, §§ 18-20, 82 & 88; generally effective July 1, 2026).

### *Municipal Uniform Solar Capacity Tax*

New legislation changes the municipal uniform solar capacity tax created under a 2025 law. Principally, the act expands the scope of solar photovoltaic systems subject to the tax to include those permitted to operate on or after July 1, 2025, but before July 1, 2026, which is a year earlier than prior law. It also makes these systems responsible for one less year of the tax than those permitted on or after July 1, 2026 (PA 26-134, § 3, effective July 1, 2026).

### *Nursing Homes and Intermediate Care Facilities User Fee Reinstated*

A new law repeals provisions in the FY 26-27 biennial budget act that, as of July 1, 2026, would have terminated the quarterly user fee on nursing homes and intermediate care facilities (ICFs) for individuals with intellectual disabilities, and instead generally imposed a quarterly 6% tax on their revenue. In doing so, it keeps the current quarterly user fee on these facilities of (1) $16.13 for municipally owned nursing homes and facilities with more than 230 beds; (2) $21.02 for all other nursing homes; and (3) $27.76 for ICFs (PA 26-68, §§ 60 & 61, effective upon passage, except a conforming change to provider tax returns is effective July 1, 2026, and applicable to calendar quarters starting on or after that date).

### *Payroll Tax Working Group*

The legislature created a working group to study and make recommendations on establishing a payroll tax program in Connecticut. Among other things, it must examine (1) whether the tax should be mandatory or optional and the role of union negotiations, (2) payroll tax rates and credits for different wage levels, (3) any statutory wage reductions for participating, (4) how to mitigate lower Social Security benefits caused by participating, and (5) any financial impact on state revenue if participation were mandatory for both employers and employees. The working group must report its findings and recommendations to the Finance, Revenue and Bonding Committee by January 1, 2027 (PA 26-68, § 249, effective upon passage).

### Tax on Cannabis Sales

New legislation replaces the state taxes on retail sales of cannabis plant material, cannabis edible products, and other cannabis (which were 0.625 cents, 2.75 cents, and 0.9 cents, respectively, per milligram of total THC) with a single tax of 10.75% of the product's sales price. Relatedly, the act increases, from 65% to 70%, the amount of cannabis tax revenue directed to the social equity and innovation account for FYs 27 and 28 and correspondingly decreases the amount directed to the General Fund for those years, from 10% to 5% (PA 26-68, § 264, effective October 1, 2026, and applicable to sales occurring on or after that date).

## State Tax Administration

### Connecticut Workforce and a Productivity Gap Plan

By January 1, 2027, a new law requires the Office of Policy and Management (OPM) secretary, in consultation with the revenue services and labor commissioners and chief workforce officer, to submit a plan to the General Assembly to ensure that technological advancements serve to increase worker capability, instead of making it obsolete, and that productivity gains lead to a more skilled workforce. This plan must develop (1) a mechanism to reinvest capital when business output and labor costs become materially decoupled; (2) steps the state can actively take to minimize this decoupling by fostering collaborative productivity models that increase output without a corresponding workforce decline; and (3) a plan for a workforce and productivity gap contribution from employers (PA 26-68, § 274, effective upon passage, as amended by PA 26-76, § 59, effective January 1, 2027).

### Criminal Background Checks for State Employees With Access to Federal Tax Records

New legislation changes who must perform criminal background checks for state jobs with access to federal tax information. For these positions, the act requires state agencies with custody of the tax information and, for executive branch agencies, the Department of Administrative Services (DAS) to require criminal background checks for job applicants and transferring employees and, at least every five years, for current employees, contractors, and subcontractors. Under prior law, the employing agency, and DAS if it provided human resource services to the employing agency, completed the background checks (PA 26-68, § 182, effective upon passage).

### Sourcing Tax Revenue to Municipalities

Starting with FY 26, the law requires the DRS commissioner to track and record the source of state sales and use, personal income, and corporation business tax to accurately and fairly attribute the revenue from each of these taxes to municipalities. This session, the legislature additionally required the commissioner to track and record the source of insurance premiums taxes for this same purpose. As under existing law, he must determine the method for attributing this revenue (PA 26-68, § 273, effective July 1, 2026).

## State Tax Credits and Other Incentives

### Additional Film and Digital Media Production Tax Credit

A new law creates an additional film and digital media production tax credit available for the 2027 and 2028 income years for production expenses or costs incurred for state-certified qualified productions for which principal photography shooting occurs in Bridgeport, Hartford, or New Haven, or any combination of them, for at least 20 days. Under the act, eligible companies apply to the Department of Economic and Community Development (DECD) for the credit, which equals a percentage of their production expenses and costs, ranging from 30% to 50%, with a minimum threshold of $100,000. The total amount of credits is capped at $1.5 million (PA 26-68, § 275, as amended by PA 26-76, § 34, effective July 1, 2027, and applicable to income years beginning on or after January 1, 2027).

### Angel Investor Tax Credit Program Changes

New legislation makes changes to the angel investor tax credit program, which, generally, allows accredited investors who make cash investments of at least $25,000 in the qualified securities of certain non-cannabis Connecticut businesses to be eligible for a personal income tax credit equal to 25% of their investment. The act modifies requirements for businesses to qualify under the program, including reducing the minimum percentage of a business's employees that must live in Connecticut from 75% to 50%. It also requires applications to Connecticut Innovations, Inc. from a business and a related person to be treated as a single Connecticut business under the program (PA 26-76, § 50, effective July 1, 2026).

## *Family Caregiver Tax Credit*

Starting with the 2027 tax year, a new law creates a nonrefundable income tax credit of up to $2,000 for “family caregivers” who incur eligible expenditures to care for and support an eligible family member. To qualify, the caregiver must have federal adjusted gross income of less than (1) $50,000 for single filers, married people filing separately, or heads of households or (2) $100,000 for joint filers. The credit equals 50% of eligible expenses incurred, up to the $2,000 maximum, for any tax year (PA 26-68, § 271, effective January 1, 2027, and applicable to tax years starting on or after that date).

## *Farm Investment Tax Credit Program*

Last session, the legislature created a refundable corporate and income tax credit for farmers’ investments in eligible machinery, equipment, and buildings used in specific agricultural production. Under that law, Connecticut taxpayers can qualify as an eligible farmer under the program if their federal gross income from farming for the income or tax year is at least two-thirds of their federal gross income from all sources over $30,000. This session, the legislature expanded who qualifies as an eligible farmer to include Connecticut taxpayers whose federal gross income from farming for the income or tax year is at least $250,000 (PA 26-75, § 2, as amended by PA 26-76, § 70, upon passage, and applicable to income or tax years beginning on or after January 1, 2027).

## *Film and Digital Media Tax Credit Redemption Rate*

Existing law allows eligible production companies and certain taxpayers to whom they transfer credits to apply film and digital media production tax credits against the sales and use tax at a reduced amount of their face value. The law temporarily increased this amount from 78% to 92% of the credits’ value for the 2024 and 2025 income years. A new law extends this 92% redemption rate for two additional years, to the 2026 and 2027 income years (PA 26-68, § 268, effective upon passage).

## *Human Capital Investment Tax Credit for Intern Compensation*

A new law requires DRS, by January 1, 2028, to report to the legislature on a study about the revenue impact of expanding the human capital investment tax credit to cover intern compensation. It includes several other provisions on training employers about quality internship programs and studies of internship opportunities through higher education institutions and state agencies (PA 26-12, §§ 57-61, various effective dates).

## *Qualified Commuter Transportation Benefit Tax Credit*

A new law allows eligible employers to claim tax credits (against the corporation business tax, insurance premium tax, or affected business entity tax) for giving certain transportation benefits to commuting employees. It allows for the credit to be claimed for the first five income years in which the employer gives a qualified commuter transportation benefit under a Department of Transportation (DOT)-approved plan. But it caps the total amount of these tax credits that the DOT commissioner can reserve at $7.5 million. Eligible employers must (1) be an entity licensed to operate in Connecticut that is subject to one of the above taxes, and (2) have at least five employees in the state.

The new law also (1) requires the DOT commissioner, in consultation with chambers of commerce and community-based and business advocacy organizations, to create a public awareness campaign for employers about the above credit and (2) repeals statutes on an inactive, DOT-administered voluntary traffic reduction program for certain employers that had a tax credit incentive (PA 26-21, §§ 1, 2 & 10, effective January 1, 2027, and applicable to income years starting on or after that date, except the awareness campaign is effective upon passage).

## *Refundable Sales and Use Tax Credit for PeoplesBank Arena Facility Manager*

New legislation creates a refundable sales and use tax credit up to $10 million under which, generally, the PeoplesBank Arena's facility management company may qualify if it contracts with UConn to host at least at least 20 UConn men's or women's intercollegiate basketball games or men's intercollegiate hockey games each academic year for a term that starts by July 1, 2027, and ends not before September 1, 2045. Among other things, the act requires the contract to have a provision on dividing net profit or loss between the facility management company and UConn (PA 26-68, §§ 254 & 255, effective July 1, 2026).

## *Research and Development Tax Credit for Qualifying Small Businesses*

This session, the legislature created a new income tax credit for qualifying small businesses that incur eligible research and development (R&D) spending in Connecticut. Qualified small businesses must apply for and receive a credit voucher to claim the credit, which equals 6% of the R&D spending they pay or incur for a tax year. The new law caps the maximum amount of these credits that can be reserved each tax year at $1.5 million per business and

$25 million in total (PA 26-68, § 267, effective upon passage and applicable to tax years starting on or after January 1, 2026).

### *Tax Credit for Individual Coverage Health Reimbursement Arrangements*

A new law establishes a tax credit for qualified small businesses that offer employees an Individual Coverage Health Reimbursement Arrangement (ICHRA) through the state's health insurance exchange. The credit may be claimed for up to two consecutive years against the state insurance and health care center taxes, corporation business tax, or income tax (excluding withholdings generally). To qualify, a small business (with fewer than 50 employees in the state) must have adopted an ICHRA instead of a traditional employer-provided health insurance plan. The available credit cannot exceed $1,000 per covered employee and is capped at $5 million total in any income year (PA 26-68, § 263, as amended by PA 26-76, § 85, effective upon passage and applicable to income and tax years starting on or after January 1, 2026).

### *Working Group on Tax Incentives and Credits for Volunteer Firefighters*

A new law creates a working group to review and make recommendations for legislation on tax incentives and credits for volunteer firefighters. The group must report its findings and recommendations to the Finance, Revenue and Bonding Committee by January 1, 2027 (PA 26-12, § 63, effective upon passage).

## Property Tax Administration

### *Certified Connecticut Municipal Assessor Committee*

The Certified Connecticut Municipal Assessor Committee (CCMA) certifies and trains municipal assessors, among other things. Legislation passed this session changes the committee membership requirements by (1) removing the requirement that one member be an OPM employee, instead requiring the OPM secretary or someone he selects be a member, and (2) requiring that all other committee members have a CCMA II certification, rather than any certification as prior law allowed. If any members lose their CCMA II designation, the OPM secretary must choose a replacement to finish their terms. To align with existing regulations, the legislation also specifies that CCMA may recommend applicants for CCMA I or II certification (PA 26-114, § 4, effective October 1, 2026).

## *Classification of State Property as PA 490 Land*

A new law requires OPM to collaborate with state agencies to identify state property that qualifies as PA 490 land and have local assessors classify and value it that way for purposes of making the grand list. The PA 490 law allows farm, forest, open space, and maritime heritage land to be assessed at its current use value, rather than fair market value. While the state is not subject to property taxes, under existing law, it must fully or partially reimburse municipalities for their forgone revenue on state-owned property, based on the property's assessed value (PA 26-137, § 2, effective upon passage and applicable to assessment years beginning on or after October 1, 2026).

## *FY 27 Budget and Mill Rate Adjustments Due to Increased State Aid*

This session, the legislature provided one-time supplemental aid grants to each municipality, totaling approximately $100 million (PA 26-76, § 54, effective upon passage). It also provided one-time payments for supplemental education grants, totaling approximately $172.9 million (PA 26-68, §§ 390 & 394, effective upon passage).

Relatedly, a new law generally allows municipalities and regional boards of education that adopted a budget or levied taxes for FY 27 before the state adopted its FY 27 budget adjustments to change their budgets and levies if the state's budget gives more state aid than was projected. Under the act, municipalities (by vote of their legislative body or selectmen) and boards may (1) amend their budget, in an amount up to the increase in state aid, and (2) by July 1, 2026, adjust tax levies and any remaining tax installments. But the municipality or board cannot reduce the amount it funds education below the greater of the (1) local funding amount in the adopted budget or (2) minimum budget requirement for the town for FY 27 plus the supplemental education funds from the state budget adjustments.

The act's provisions apply regardless of conflicting (1) statutes affecting education and boards of education, municipalities, and property tax levy and collection (including the provisions concerning installments); (2) special acts; or (3) municipal charters or home rule ordinances (PA 26-68, § 178, and PA 26-130, §§ 12-16, effective upon passage).

## *Late Payment Interest Waivers for Certain Common Interest Communities*

A new law allows municipalities to waive some or all of the interest on delinquent property taxes owed by a common interest community that (1) has more than 500 units and (2) is in a Superior Court-ordered receivership. It similarly allows water pollution control authorities to waive or refund some or all of the interest on delinquent sewer system use charges for a qualifying common interest community (PA 26-68, § 174, effective upon passage).

## *Motor Vehicle Mill Rate in Bridgeport*

By law, a municipality (or taxing district) may set a mill rate for motor vehicles that is different than its rate for other property (personal property and real property) to comply with the motor vehicle mill rate cap. This motor vehicle rate must be lower than its rate for other property types. A new law gives Bridgeport an exception, allowing it to set a motor vehicle mill rate that is equal to or higher than its rate for other property types. But it specifies that Bridgeport's motor vehicle mill rate may not be higher than 32.46 mills (the cap in existing law that a municipality's and district's motor vehicle mill rate may not, together or separately, exceed) (PA 26-68, § 219, effective October 1, 2026, and applicable to assessment years starting on or after that date).

## *Motor Vehicle Property Tax Appeals*

A new law clarifies that taxpayers may generally only appeal the manufacturer suggested retail price (MSRP) used to value their vehicles and may not base appeals on a vehicle's present true and actual value (meaning appeals generally cannot be based on a vehicle's high mileage, for example). It makes other, similar changes to reflect that vehicles are now primarily valued using MSRP while other types of personal property are generally still valued using present true and actual value (or "fair market value") (PA 26-114, §§ 7, 9, 12 & 14, effective October 1, 2026, and applicable to assessment years starting on or after that date).

## *Motor Vehicle Property Tax Assessments*

A new law modifies how municipalities must value motor vehicles for property tax purposes in two ways. First, it caps the taxable value of vehicles that are 20 years old or older. Assessors must value each of these vehicles at the lesser of (1) $500 or (2) 10% of the MSRP (15% in municipalities that use the modified depreciation schedule allowed under existing law). Prior law required them to be valued at $500 or more.

Second, the new law changes how municipalities must value commercial vehicles and any attachments and modifications to them. By law, assessors must decide whether they should be valued like motor vehicles (using the MSRP, reduced according to a 20-year depreciation schedule) or not, considering whether the attachments and modifications are permanent. Under prior law, assessors could alternatively value them like personal property. Under the new law, assessors can alternatively value them using an existing law (CGS § 12-71) that primarily determines which municipality may levy tax on a particular piece of property (PA 26-114, §§ 11 & 12, effective October 1, 2026, and applicable to assessment years starting on or after that date).

### *Municipal Tax Liens*

By law, real estate on which property taxes are owed is subject to an unrecorded (silent) lien for those taxes. If taxes on the property are unpaid for a period set in law, the tax collector may file a certificate to continue the lien (formalize it in the land records). A new law clarifies that the tax collector may do so even if the taxpayer has appealed the taxes to Superior Court and the case is pending (PA 26-114, § 15, effective October 1, 2026).

### *PA 490 Forest Land Value*

By law, every five years the OPM secretary must, in consultation with the agriculture commissioner, develop a schedule of unit prices (land use values per acre) for property subject to the PA 490 program. These schedules are made available to the public, and municipalities may adopt them. A law passed this session directs OPM to reinstate the 2025 land use value for forest land ($200 per acre) over the 2020 value ($390 per acre), which the governor reinstated on January 19, 2026. The 2025 value will be in effect until the next valuation date of October 1, 2030 (PA 26-75, § 4, effective July 1, 2026).

### *Payments in Lieu of Taxes to the Connecticut Municipal Development Authority*

This session, the legislature made changes related to the Connecticut Municipal Development Authority (CMDA) and the agreements it makes with private developers, owners, or lessees for payments in lieu of property taxes (PILOTs) to CMDA. Under the act, these agreements are no longer a required condition of a private right of development within development districts. Instead, they are optional and may only be arranged with the host municipality's consent. As under existing law, the OPM secretary must also give his approval (PA 26-68, §§ 56 & 57, effective upon passage).

## *PILOT Payments for Mashantucket Land*

The PILOT program provides annual grants to municipalities and fire districts to compensate them for forgone property tax revenue for (1) state-owned property, municipally owned airports, and tribal reservation land and (2) private nonprofit college and hospital property. Grant amounts are generally determined by multiplying the foregone tax revenue for the PILOT-eligible property by a statutory reimbursement rate.

A new law makes additional Mashantucket Pequot reservation lands eligible for the 100% reimbursement rate under the program. Under prior law, this rate would have been paid on any land (1) designated within the 1983 settlement boundary and (2) taken into trust by the federal government for the Mashantucket Pequots. The new law removes the boundary criteria, thus covering all land taken into trust for this tribe, regardless of whether it is within the 1983 settlement boundary area (PA 26-68, § 488, effective July 1, 2026).

## *Repeal of Machinery and Equipment Reporting Requirement*

This session, an act repealed the law requiring that assessors annually report to OPM on the amount of claims the municipality granted under certain existing exemptions for machinery and equipment (PA 26-114, § 23, effective October 1, 2026).

## *Revaluation Inspections and Notices*

By law, assessors must generally do revaluations every five years, and every 10 years either (1) fully inspect buildings and structures or (2) require a questionnaire about them to be completed. Legislation passed this session adds to the ways assessors can do full inspections, allowing them to use imaging tools that meet the International Association of Assessing Officers' guidance on alternatives to on-site inspections.

The legislation also adds to the notice assessors must provide during revaluation years. By law, when setting their annual grand lists, assessors must generally notify taxpayers about any increases in their property assessments. But during revaluation years, prior law allowed them to instead send a revaluation notice, stating the old and new valuations of only real (not personal) property. The new law removes that exception, requiring assessors to notify taxpayers any time their assessments increase, even during revaluation years (PA 26-114, §§ 5 & 6, effective October 1, 2026).

### *Supplemental Motor Vehicle Tax Bills*

A new law clarifies when property tax payments for motor vehicles added to the grand list after the start of the assessment year (October 1) become due and late payment interest is added. Supplemental tax bills' due dates were, before the 2024 assessment year, set in statute as January 1 and interest was added to bills not paid by February 1, providing a one-month grace period. Beginning with the 2024 assessment year, the law began allowing assessors to set supplemental tax bill due dates. The new law clarifies that interest is added to these bills one month after the due date, keeping the one-month grace period (that also applies to regular, non-supplemental tax bills under existing law) (PA 26-114, § 13, effective October 1, 2026, and applicable to assessment years starting on or after that date).

### *Uniform Depreciation Schedule*

A new law requires all municipal assessors to use a uniform method, in existing law, to value personal property. This method has different approaches and depreciation schedules for different property types. Prior law allowed, but did not require, municipalities to use this method and almost all chose to use it (PA 26-114, § 10, effective October 1, 2026, and applicable to assessment years starting on or after that date).

### *Weekend and Holiday Property Tax Due Dates*

A new law broadly delays the deadline for taxpayers to file any property tax-related applications or extensions if the deadline falls on a weekend or a legally recognized holiday. Under this act, the filings are considered on-time if they are filed or postmarked on the next day that is not a weekend day or holiday. A separate law (CGS § 12-169) similarly allows property tax bills that are due on a weekend or holiday to be paid on the next business day without being considered late (PA 26-114, § 22, effective October 1, 2026).

## Property Tax Exemptions and Credits

### *Abatements for Domestic Partners of First Responders Killed in Action*

A new law expands eligibility for the property tax abatement that municipalities may give to surviving spouses of first responders (police officers, firefighters, and emergency medical technicians) who died in the line of duty. Under the new law, domestic partners may also receive the abatement if they meet certain requirements, including having lived with the first responder at the time of the death and being the responder's only domestic partner. The exemption may cover all or some of the taxes due on a residence the claimant owns and occupies as his or her primary residence (PA 26-12, § 62, effective October 1, 2026).

## *Adjusting Veterans' Property Tax Exemption Amounts After Revaluations*

By law, municipalities must increase certain property tax exemption amounts for veterans and their families if, after a revaluation, their grand lists increase by a certain amount. When calculating this increase, municipalities must compare their net grand list for that year (post-revaluation) to the one for the prior year (pre-revaluation). A new law specifies that when doing this calculation municipalities must use the grand lists that are set following a process existing law requires (PA 26-114, § 8, effective October 1, 2026).

## *Airport Development Zones in Plainville and Around Tweed*

This session, the legislature established an airport development zone in Plainville. In doing so, it makes taxpayers eligible for a five-year, 80% property tax exemption for improving or acquiring qualified manufacturing facilities and acquiring machinery and equipment in the designated area (PA 26-104, effective October 1, 2026).

Separately, the legislature required the DECD commissioner to establish an airport development zone surrounding Tweed New Haven Airport if East Haven or New Haven, or the two jointly, submit a proposal to do so. Any proposal must comply with the state's conservation and development plan and identify the (1) geographical scope of the proposed zone, with included census blocks; (2) anticipated economic benefits, including the types of businesses to be developed and the number of jobs to be created; and (3) anticipated costs (PA 26-68, § 173, as amended by PA 26-76, § 94, effective July 1, 2026).

## *Circuit Breaker Program Extensions*

The Circuit Breaker Program gives a property tax credit (up to $1,250 for married couples and $1,000 for individuals) to homeowners with limited incomes who are aged 65 and older or totally disabled. Generally, claimants must apply with their municipality's assessor before May 15 but may request an extension. A new law requires that extension requests also be filed with the assessor, rather than the OPM secretary which prior law required (PA 26-114, § 16, effective October 1, 2026).

## *Class I Renewable Energy Sources*

A new law changes the property tax exemption provisions in PA 25-173, § 58, including rolling back an exemption for certain Class I renewable energy sources to how it existed before the 2025 act. This year's act also modifies a separate property tax exemption the 2025 act created for Class I renewable energy sources that consist of equipment and devices that primarily collect solar energy and generate energy by photovoltaic effect. Specifically, it limits the exemption to facilities that are permitted to operate on or after July 1, 2025. This year's act also makes a corresponding change requiring municipalities to amend their 2025 grand lists and issue certificates of correction to reflect the limitation (PA 26-134, §§ 1 & 2, effective upon passage).

### *Exemption Filing Deadlines*

Taxpayers in six municipalities (Berlin, Lebanon, Meriden, Middletown, Waterbury, and West Hartford) may now claim certain property tax exemptions for specified property and grand lists even though they missed the applicable filing deadline (PA 26-76, §§ 1-7, effective July 1, 2026).

### *Exemption for Military Service With Allied Nations in World War II*

Existing law generally entitles U.S. citizens who served with an allied or associated nation's military during World War II to a property tax exemption (of at least $1,500) if they received an honorable discharge. A new law expands eligibility criteria to also cover individuals who served with these other nations if they received certain other discharge characterizations (specifically those that would entitle a U.S. veteran to this exemption, like an honorable discharge based on a qualifying condition) (PA 26-114, § 17, effective October 1, 2026, and applicable to assessment years starting on or after that date).

### *Homestead Property Tax Exemption*

This session, the legislature established a new $50,000 property tax exemption that municipalities may give for certain types of primary residences (single-family homes, common interest community units, and condominiums). Municipalities that offer this exemption may limit it to taxpayers who meet specified length-of-residency requirements. To claim the exemption, taxpayers must annually, by November 1, file a form with the assessor declaring, among other things, that the dwelling is their primary residence and they have not claimed the exemption for any other residence that year (PA 26-68, §§ 224 & 225, effective upon passage and applicable to assessment years starting on or after October 1, 2027).

### *Proof of Eligibility for Veterans' Property Tax Exemptions*

By law, veterans and their families claiming a property tax exemption based on military service must generally show the town clerk proof of the qualifying service. Under prior law, this proof had to show the veteran had an honorable discharge from military service, despite other discharge characterizations qualifying a veteran (or his or her family) for an exemption. A new law expands what proof they may show, aligning requirements with existing law's other eligibility criteria. It also makes the assessor, rather than the tax collector, responsible for receiving proof a claimant is retroactively eligible for an exemption due to his or her service-connected disability rating (PA 26-114, §§ 18, 20 & 21, generally effective October 1, 2026).

RP:ms