

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

sHB-5473

AN ACT CONCERNING THE DEPARTMENT OF REVENUE SERVICES' RECOMMENDATIONS FOR TAX ADMINISTRATION AND REVISIONS TO THE TAX AND RELATED STATUTES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Department of Revenue Services	GF - Precludes Revenue Loss	4.3 million	7.8 million
Department of Revenue Services	GF - Revenue Gain	Potential	Potential
Department of Revenue Services	GF - Savings	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which makes numerous tax administration-related changes, results in the following fiscal impacts:

Section 4 results in a potential savings by capping at \$5 million the amount of interest (a) added to any tax refund issued by the Department of Revenue Services (DRS) commissioner for a tax period and (b) that a court may award in any tax appeal in connection with a tax refund claim for a tax period.

Section 20, which makes a clarifying change to the personal income tax credit for certain real estate conveyance taxes paid, precludes General Fund revenue losses estimated at \$4.3 million in FY 23, \$7.8M in FY 24, \$9.7M in FY 25, \$5.4 million in FY 26, and \$1.9 million in FY 27.

Primary Analyst: CW
Contributing Analyst(s):
Reviewer: MM

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Sections 21-30, 33-34, and 35 result in a potential revenue gain to the extent they result in additional collections from delinquent taxpayers.

Section 32 results in a potentially significant revenue gain as early as FY 24, the magnitude of which is dependent on the design, execution, and terms of a tax debt sale program. There is currently approximately \$1.3 billion in outstanding tax debt.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future.