

# Finance, Revenue and Bonding Committee JOINT FAVORABLE REPORT

**Bill No.:** House Bill 5487

**Title:** AN ACT CONCERNING THE PROPERTY TAX CREDIT.

**Vote Date:** 4/6/2022

**Vote Action:** Joint Favorable

**PH Date:** 3/25/2022

**File No.:** 604

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## **SPONSORS OF BILL:**

The Finance, Revenue and Bonding Committee

Co-Sponsors

Rep. Tony J Scott, 112<sup>th</sup> District

Rep. Jason Doucette, 13<sup>th</sup> District

## **REASONS FOR BILL:**

This bill increases the property tax credit against the personal income tax from \$200 to \$400 and requires the amount to be adjusted annually for inflation beginning with the 2023 tax year. The bill also expands the number of taxpayers for 2022 by eliminating the property tax eligibility requirement to seniors and people with dependents. It also increases, from \$70,500 to \$80,000, the income threshold above which the credit begins to phase out for joint filers, and makes the phase-out increments larger so that it phases out slower. Beginning in 2023, the bill requires the maximum property tax income thresholds for all filers to be adjusted annually for inflation and makes the credit refundable.

## **RESPONSE FROM ADMINISTRATION/AGENCY:**

[Jeffrey Beckham, Acting Secretary, Office of Policy and Management](#) testified that this bill would reduce revenue to the state. He stated concerns with eliminating the current eligibility restrictions of the Property Tax Credit (PTC), as the bill makes the PTC refundable for income years beginning on/after January 1, 2022, and increases the value of the PTC beyond the levels set within the Governor's Fiscal Year (FY) 23 Recommended Midterm Budget Adjustments. Additionally, the bill would index the PTC amount to the change in inflation on an August-over-August time period beginning in tax year 2023 and beyond.

## **NATURE AND SOURCES OF SUPPORT:**

[Randy Collins, Advocacy Manager, Connecticut Conference of Municipalities \(CCM\)](#) testified in support of the bill. This bill would expand eligibility for the property tax credit that can be claimed against the state income tax. The property tax is one of the most regressive taxes. CCM and its member towns and cities are happy to support any measure that will provide relief to their residents.

[Nora Duncan, State Director of American Association of Retired Persons \(AARP\) Connecticut](#) testified in support of the bill. The bill supports older adults who want to age in place by increasing the property tax credit, eliminating eligibility restrictions, increasing phase-out thresholds, and indexing certain amounts and income thresholds and allowing such credit to be refundable. Helping to make the Nutmeg State a friendlier place to live and retire independently is good for everyone.

[Patrick O'Brien, PhD, Research and Policy Fellow, Connecticut Voices for Children](#) testified that the property tax is the most unfair component of Connecticut's unfair tax system. Making the Connecticut PTC refundable and increasing the maximum amount of the credit would help to offset the unfair property tax burden for many working-class families. Extending the phase-out of the Connecticut PTC for married tax filers and increasing the maximum amount of the credit would both help to offset the unfair property tax burden for many middle-class families.

[House Republican Office, Connecticut General Assembly](#) supported this bill. They proposed a bill this session that would have increased the credit to \$500 and done away with the current restrictions on who can claim the credit on their Connecticut income tax return. They thought that this was a more appropriate approach given the negative impacts the property tax has on many middle-class residents. They stated that property taxes are very regressive, and you must pay them regardless of your ability to pay. Allowing all residents to claim the credit will provide some much-needed relief of the burden they have when they are paying the property tax. Given recent state budget surpluses and a record level of monies in our Budget Reserve Fund, we should be doing everything we can to help ease the burden of taxes here in this state. Providing residents with this level of tax relief is critical and should be seriously considered by the legislature.

## **NATURE AND SOURCES OF OPPOSITION:**

[David Godbout, Connecticut Resident](#) opposed the bill on the grounds that the current session of the Connecticut General Assembly is illegal, in breach of Article 3, Section 16 of the State Constitution.

**Reported by: Dawn Silveira**

**Date: 4/22/2022**