

# OFFICE OF FISCAL ANALYSIS

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

sHB-6876

AN ACT ESTABLISHING FIRST-TIME HOMEBUYER SAVINGS  
ACCOUNTS AND A RELATED TAX DEDUCTION AND CREDIT.

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Department of Revenue Services	GF - Cost	None	Up to 175,000
Department of Revenue Services	GF - Revenue Loss	None	None

Note: GF=General Fund

**Municipal Impact:** None

### **Explanation**

The bill, which establishes a first-time homebuyer savings account program and associated personal income tax deduction and business tax credit, results in a General Fund revenue loss of up to \$713,000 in FY 28 and up to \$970,000 in FY 29. The revenue loss would grow in FY 30 and beyond subject to program utilization rates.

The bill also results in a one-time cost of up to \$175,000 to the Department of Revenue Services in FY 27 associated with programming updates to the CTax tax administration system and myconneCT online portal, form modification, and printing/ mailing costs.

### **The Out Years**

#### **Personal Income Tax Deduction**

The personal income tax deduction for qualifying account contributions, accrued interest, and withdrawals is estimated to result

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

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in a revenue loss of up to \$113,000 in FY 28 and up to \$80,000 in FY 29.<sup>1</sup> The revenue loss could approach \$430,000 by FY 36.

### **Business Tax Credit**

The credit for employer contributions is estimated to result in a revenue loss of up to \$600,000 in FY 28 and up to \$890,500 in FY 29. The revenue loss could annualize to approximately \$800,000 beginning in FY 31. This estimate assumes that the same level of qualifying accounts as the estimate for the personal income tax deduction.

*Sources: Iowa Department of Revenue*

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<sup>1</sup> The estimated revenue loss is larger in FY 28 as the bill specifies that, for the 2027 tax year only, account holders may deduct the amount contributed (less withdrawals) for both the 2026 and 2027 tax years.