

OFFICE OF FISCAL ANALYSIS

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sSB-1246

AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE BIENNIAL BUDGET.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
See Below	Various - See Below	See Below	See Below

Note: Various=Various

Municipal Impact: See Below

Explanation

Summary Revenue Impact in \$ Millions

Fund	FY 25	FY 26	FY 27	FY 28	FY 29
General Fund	300	720.1	951.5	1,071.1	1,031.5
Budget Reserve Fund	(1,000)	(376.9)	(397.4)	(420.0)	(440.0)
NEW Supplemental Budget Reserve Fund	700	0	0	0	0
Municipal Revenue Sharing Fund	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Special Transportation Fund	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Vendors Guaranty Fund	(0.05)	0	0	0	0
Grand Total	(0.15)	343.1	554.0	651.0	591.4

Primary Analyst: MM
Contributing Analyst(s): ME, CF, PM, JSS, CW, EW

5/12/25

Detailed Revenue Impact/s by Section

Section	Policy	Fund impacted	FY 25	FY 26	FY 27	Notes
1	Eliminate Provision Allowing Certain Corporations to Claim 100% Net Operating Loss	General Fund	-	8.3	8.3	Same as Governor Recommended
2	Adjust Combined Unitary Reporting Cap	General Fund	-	133.1	83.2	Same as Governor Recommended
3	Adjust Film Production Tax Credit	General Fund	-	4.2	7.8	Modifies the tax credit's rate structure beginning in 2025
5-6	Extend 10% Corporate Tax Surcharge to Income Year 2028	General Fund	-	48.0	80.0	Same as Governor Recommended
7	Raise the Cap on the Research & Development Credit Exchange for Biotech Firms	General Fund	-	(1.8)	(1.8)	Same as Governor Recommended
8-9	Rebase Hospital User Fee	General Fund	-	-	140	Same as Governor Recommended
10	Increase Medicaid supplemental payments to hospitals and reflect corresponding federal match	General Fund	-	-	93.8	Same as Governor Recommended - Reflects 67% reimbursement rate
11	Accrue Tobacco Products Tax Beginning in FY 2026	General Fund	-	1.0	-	Same as Governor Recommended
12	Accrue Controlling Interest Tax	General Fund	-	0.5	-	Same as Governor Recommended

Section	Policy	Fund impacted	FY 25	FY 26	FY 27	Notes
	Beginning in FY 2026					
13	Close-Out the Itinerant Vendors Guaranty Fund	General Fund		0.050	-	Same as Governor Recommended
13	Close-Out the Itinerant Vendors Guaranty Fund	Itinerant Vendors Guaranty Fund		(0.050)	-	Same as Governor Recommended
14-43	Eliminate Certain Occupational License Application & Renewal Fees	General Fund	-	(18.8)	(25.0)	Same as Governor Recommended
44	Exempt the Purchase of Ambulances from the Sales and Use Tax	General Fund	-	(0.450)	(0.450)	NEW tax exemption
44	Exempt the Purchase of Ambulances from the Sales and Use Tax	Special Transportation Fund	-	(0.050)	(0.050)	NEW tax exemption
44	Exempt the Purchase of Ambulances from the Sales and Use Tax	Municipal Revenue Sharing Fund	-	(0.050)	(0.050)	NEW tax exemption
45	Increase (Annual) Dues Tax Exemption from \$100 to \$250	General Fund	-	(0.3)	(0.3)	NEW tax credit
46	Establish a Child Tax Credit	General fund	-	(82.7)	(82.7)	NEW tax credit
47	Establish a Farm Investment Tax Credit	General Fund	-	(2.5)	(2.5)	NEW tax credit
48	Establish a Refundable Personal Income Tax Credit of \$500	General Fund	-	-	(0.9)	NEW tax credit

Section	Policy	Fund impacted	FY 25	FY 26	FY 27	Notes
	for Home Day Care Owners					
49	Establish a Tax Credit for an Employer's Contributions to Employees' CHET Accounts	General Fund	-	(0.4)	(0.4)	NEW tax credit
50	Establish a Capital Gains Surcharge	General Fund	-	260	260	NEW tax Applicable to the 2025-2028 tax years
51	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 tax credit
52	Adjust Volatility Cap Threshold	General Fund	1,000	376.9	397.4	Volatility Cap threshold raised, providing more revenue to support the General Fund
52	Adjust Volatility Cap Threshold	Budget Reserve Fund	(1,000)	(376.9)	(397.4)	Raising the Volatility Cap decreases revenue set aside for the building up of the Budget Reserve Fund and providing additional deposits to reduce pensions debt
53	Reserve FY 25 Volatility	General Fund	(700.0)	-	-	See below
53	Reserve FY 25 Volatility	NEW Supplemental Budget Reserve Fund	700.0	-	-	NEW off-budget fund

Expenditure and Other Impacts

Section 52 adjusts the volatility cap threshold which reduces the amount deposited into the Budget Reserve Fund (BRF) by approximately \$1 billion in FY 25 and the difference between the caps subject to the amount of volatile tax revenue collected in the out years.

An increase to the volatility cap threshold effectively reduces future transfers to pay down long-term debts. Raising the volatility cap by \$1 billion in FY 25 precludes savings to the state's actuarially determined employer contribution (ADEC) for the state pension systems by approximately \$83 million annually beginning in FY 27 and continuing for 25 years.¹

The elimination of certain **occupational Department of Public Health licensure fees** results in an approximate \$725,000 annual reduction in fee receipts dedicated to an assistance program for healthcare professionals, HAVEN.

Other Cost Estimates

Section 46 results in a one-time General Fund cost to the Department of Revenue Services (DRS) of \$20,000 in FY 26 only to establish the credit.

Sections 47-48 result in a one-time General Fund cost to DRS of up to \$150,000 in FY 27 associated with programming updates to the CTax tax administration system and myconneCT online portal, and form modification.

Section 49 results in a one-time cost to DRS of up to \$150,000 in FY 26 associated with programming updates to the CTax tax administration

¹ Under current law, the BRF excess is subject to statutory requirements including being transferred towards paying down long-term debts such as the state employee retirement system (SERS) and teachers' retirement system (TRS). Transfers to the pension systems are amortized over 25 years and reduce the state's ADEC two years after the surplus year. Actual reductions to the ADEC are determined in the annual actuarial valuation for each system and are subject to multiple factors both investment and non-investment related.

system and myconneCT online portal, and form modification.

Section 50 results in (1) 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 (2) 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.

Section 51 results in a one-time General Fund cost to DRS of \$20,000 in FY 26 only to establish the credit.

The Out Years

Raising the volatility threshold will preclude future reductions to the state's ADEC for both SERS and TRS in the out years to the extent surplus funds would otherwise be transferred to the systems to pay down their respective unfunded liabilities.

The out-year revenue impact is provided in the summary table at the top of this fiscal note.