

PART III. REVENUE

Revenue Impact of Policy Changes included in the FRB Revenue Schedule (FY 23 only)

In Millions of Dollars

Enacting Authority	Policy	FY 22 \$	FY 23 \$	FY 24 \$	FY 25 \$	FY 26 \$
General Fund						
Personal Income Tax						
Sec. 410 of PA 22-118	Accelerate Schedule for Tax Exemptions for Certain Income from Pensions and Annuities	-	(42.9)	(29.3)	(15.6)	-
	Subtotal	-	(42.9)	(29.3)	(15.6)	-
Sales and Use Tax						
Sec. 430 of PA 22-118	Exempt from sales and use tax goods and services purchased by certain water companies	-	(3.4)	(3.4)	(3.4)	(3.4)
PA 22-4	Adopt Sikorsky plan	-	(6.3)	(6.3)	(9.4)	(9.4)
Sec. 429 of PA 22-118	Make the Purchase of Wine Supplies Exempt from the Sales and Use Tax	-	-	(0.5)	(0.5)	(0.5)
	Subtotal	-	(9.7)	(10.2)	(13.3)	(13.3)
Corporation Tax						
Sec. 419 of PA 22-118	Expand Student Loan Tax Credit	-	(9.4)	(9.9)	(10.4)	(10.9)
	Subtotal	-	(9.4)	(9.9)	(10.4)	(10.9)
Public Service Companies Tax						
Secs. 433-434 of PA 22-118	Create an exemption from the gross receipts tax on natural gas	-	(1.3)	(1.3)	(1.3)	(1.3)
	Subtotal	-	(1.3)	(1.3)	(1.3)	(1.3)
Insurance Companies Tax						
Secs. 437-438 of PA 22-118	Provide Tax Amnesty for Certain Insurers	-	7.5	0.2	0.2	0.2
	Subtotal	-	7.5	0.2	0.2	0.2
Admissions and Dues						
Sec. 435 of PA 22-118	Extend repeal of the admissions tax to include movie theaters	-	(2.5)	(5.0)	(5.0)	(5.0)
	Subtotal	-	(2.5)	(5.0)	(5.0)	(5.0)
Health Provider						
Secs. 436 & 515 of PA 22-118	Repeal the Ambulatory Surgical Center tax	-	(18.0)	(9.4)	(9.9)	(10.4)

Part III. Revenue

Enacting Authority	Policy	FY 22 \$	FY 23 \$	FY 24 \$	FY 25 \$	FY 26 \$
	Subtotal	-	(18.0)	(9.4)	(9.9)	(10.4)
Refunds of Taxes						
Sec. 408 of PA 22-118	Adjust Property Tax Credit Amount	-	(60.0)	(60.0)	(60.0)	(60.0)
Sec. 408 of PA 22-118	Restore Eligibility for Property Tax Credit	-	(53.0)	-	-	-
Secs. 420-424 of PA 22-118	Establish a "Jobs CT" tax rebate	-	-	-	(40.0)	(40.0)
Sec. 425 of PA 22-118	Extend the manufacturing apprenticeship tax credit to pass-through entities	-	(5.0)	(5.0)	(5.0)	(5.0)
Sec. 429 of PA 22-118	Reimburse beer manufacturers for retroactive payments remitted to the Commissioner of the DRS on sales and use tax on certain manufacturing-related purchases	-	-	(0.3)	-	-
Sec. 429 of PA 22-118	Reimburse wine manufacturers for retroactive payments remitted to the Commissioner of the DRS on sales and use tax on certain manufacturing-related purchases	-	-	(2.0)	-	-
Sec. 412 of PA 22-118	Establish a credit against the personal income tax for parents who experience the birth of a stillborn child	-	(0.3)	(0.3)	(0.3)	(0.3)
Sec. 411 of PA 22-118	Enact a Child Tax Rebate	-	(125.0)	-	-	-
	Subtotal	-	(243.3)	(67.6)	(105.3)	(105.3)
Earned Income Tax Credit						
Sec. 409 of PA 22-118	Increase state EITC to 41.5% *	-	-	(49.0)	(49.0)	(49.0)
	Subtotal	-	-	(49.0)	(49.0)	(49.0)
	TAXES Subtotal	-	(319.6)	(181.5)	(209.6)	(195.0)
Transfers-Special Revenue						
Secs. 427-428 of PA 22-118	Transfer XL Center retail sports wagering revenues to the CRDA to support XL Center operations	-	(0.7)	(1.3)	(1.3)	(1.3)
	Subtotal	-	(0.7)	(1.3)	(1.3)	(1.3)
Rents, Fines and Escheats						

Enacting Authority	Policy	FY 22 \$	FY 23 \$	FY 24 \$	FY 25 \$	FY 26 \$
Secs. 415-418 of PA 22-118	Adjust the unclaimed property program	-	(1.6)	(1.6)	(1.6)	(1.6)
	Subtotal	-	(1.6)	(1.6)	(1.6)	(1.6)
Miscellaneous						
Secs. 449-456 & 514 of PA 22-118	Limit state recovery of public assistance payments	-	(8.5)	(8.5)	(8.5)	(8.5)
Sec. 16 of PA 22-81	Preclude use of SSDI Benefits for cost of care	-	(1.5)	(1.5)	(1.5)	(1.5)
Secs. 457-458 of PA 22-118	Limit the liability of an individual for repayment of costs incurred while incarcerated	-	(5.4)	(5.4)	(5.4)	(5.4)
	Subtotal	-	(15.4)	(15.4)	(15.4)	(15.4)
	OTHER Revenue Subtotal	-	(17.7)	(18.3)	(18.3)	(18.3)
Federal Grants						
Sec. 472 of PA 22-118	Transfer HCBS/SUD Revenue from FY 2022 to FY 2023	(83.2)	83.2	-	-	-
N/A	Recognize Federal Revenue Gain Attributable to Expenditure Changes	-	13.1	10.5	10.5	10.5
	Subtotal	(83.2)	96.3	10.5	10.5	10.5
Transfers from/ (to) Other Funds						
Sec. 471 of PA 22-118	Reduce Revenue Replacement from ARPA 2021 - Federal Stimulus	(559.9)	(880.0)	-	-	-
Sec. 15 of PA 22-118	Transfer to Firefighters Cancer Relief account	(0.8)	-	-	-	-
Sec. 15 of PA 22-118	Transfer to UCONN Med Mal account	(20.0)	-	-	-	-
Sec. 473 of PA 22-118	Transfer FY 22 revenues to FY 23	(125.0)	125.0	-	-	-
Sec. 59 of PA 22-118, as amended by Sec. 12 of PA 22-146	Adjust transfer to fund \$3k payments each to certain Native American tribes in FY 23: total \$9k adjustment to the Pequot Fund transfer amount	-	(0.009)	-	-	-
	Subtotal **	(705.7)	(772.0)	(17.0)	(17.0)	(17.0)
	OTHER SOURCES Subtotal	(788.9)	(658.7)	10.5	10.5	10.5
	Grand Total GF ***	(788.9)	(996.0)	(189.2)	(217.4)	(202.8)
Special Transportation Fund						
Sales and Use Tax						
Sec. 430 of PA 22-118	Exempt from sales and use tax goods and services purchased by certain water companies	-	0.3	0.3	0.3	0.3
	Subtotal	-	0.3	0.3	0.3	0.3

Part III. Revenue

Enacting Authority	Policy	FY 22 \$	FY 23 \$	FY 24 \$	FY 25 \$	FY 26 \$
Motor Fuels Tax						
Sec. 431 of PA 22-118	Extend gas tax holiday	-	(150.0)	-	-	-
Sec. 432 of PA 22-118	Expand motor fuel tax rebate to include EMS systems	-	(0.5)	(0.5)	(0.5)	(0.5)
	Subtotal	-	(150.5)	(0.5)	(0.5)	(0.5)
	Grand Total STF ***	-	(150.2)	(0.2)	(0.2)	(0.2)
Mashantucket Pequot and Mohegan Fund						
Sec. 59 of PA 22-118, as amended by Sec. 12 of PA 22-146	Adjust transfer to fund \$3k payments each to certain Native American tribes in FY 23: total \$9k adjustment to the Pequot Fund transfer amount	-	0.009	-	-	-
	Grand Total MF	-	0.009	-	-	-
GRAND TOTAL (ALL APPROPRIATED FUNDS)		(788.9)	(1,146.2)	(189.4)	(217.6)	(203.0)
* This adjustment was subsequently repealed by Section 31 of PA 22-146. Thus, there is no change to the state's EITC rate.						
** The FRB Revenue Schedule does not reflect \$12 million annual (beginning in FY 23) transfers from the General Fund to the Tobacco Health and Trust Fund provided in Section 196 of PA 22-118						
*** The FRB Revenue Schedule does not reflect the impacts of PA 22-25, which: 1) Shifts the entirety of greenhouse gas vehicle registration fee revenues from the General Fund to the CHEAPR account (approx. \$5 million annual revenue loss to the General Fund); and 2) Repeals the motor vehicle registration discount for electric vehicles, resulting in an approx. \$1.4 million annual revenue gain to the Special Transportation Fund						

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Revised FY 23 Revenue Schedule

(in thousands)

	Original FY 23 Budget	January Consensus FY 23	Governor Policies	Governor FY 23 Revenue	Consensus Update (April)	April Consensus FY 23	Legislative Revenue Policies	Legislative Revenue FY 23 Revenue
Taxes								
Personal Income Tax- Withholding	7,668,200	7,991,000	(42,900)	7,948,100	236,300	8,227,300	(42,900)	8,184,400
Estimates and Finals	2,853,900	2,838,900	-	2,838,900	683,800	3,522,700	-	3,522,700
Sales and Use	4,297,200	4,658,800	-	4,658,800	128,500	4,787,300	(9,700)	4,777,600
Corporations	1,114,000	1,180,000	(9,400)	1,170,600	123,600	1,303,600	(9,400)	1,294,200
Pass-Through Entity Tax	1,567,900	1,567,900	-	1,567,900	389,400	1,957,300	-	1,957,300
Public Service Corporations	269,300	269,300	-	269,300	9,000	278,300	(1,300)	277,000
Inheritance and Estate	150,200	150,200	-	150,200	-	150,200	-	150,200
Insurance Companies	235,800	235,600	7,500	243,100	-	235,600	7,500	243,100
Alcoholic Beverages	77,000	77,000	-	77,000	1,000	78,000	-	78,000
Cigarettes	305,600	308,100	-	308,100	-	308,100	-	308,100
Real Estate Conveyance	244,800	244,800	-	244,800	45,600	290,400	-	290,400
Admissions and Dues	31,000	31,000	-	31,000	(1,300)	29,700	(2,500)	27,200
Miscellaneous Taxes	58,500	66,500	-	66,500	-	66,500	-	66,500
Health Provider	991,800	991,800	-	991,800	-	991,800	(18,000)	973,800
Total Taxes	19,865,200	20,610,900	(44,800)	20,566,100	1,615,900	22,226,800	(76,300)	22,150,500
Refunds of Taxes	(1,627,700)	(1,709,100)	(123,000)	(1,832,100)	-	(1,709,100)	(243,300)	(1,952,400)
Earned Income Tax Credit	(150,400)	(143,800)	-	(143,800)	-	(143,800)	-	(143,800)
R & D Credit Exchange	(6,800)	(6,800)	-	(6,800)	(500)	(7,300)	-	(7,300)
Taxes Less Refunds	18,080,300	18,751,200	(167,800)	18,583,400	1,615,400	20,366,600	(319,600)	20,047,000
Other Revenue								
Indian Gaming Payments	251,800	251,800	-	251,800	-	251,800	-	251,800
Transfer Special Revenue	396,500	402,900	-	402,900	-	402,900	(700)	402,200
Licenses, Permits and Fees	327,500	327,500	-	327,500	-	327,500	-	327,500
Rentals, Fines and Escheats	7,400	164,900	-	164,900	-	164,900	(1,600)	163,300
Investment Income	26,600	4,800	-	4,800	-	4,800	-	4,800
Sales of Commodities	164,900	23,900	-	23,900	-	23,900	-	23,900
Miscellaneous	237,900	219,900	-	219,900	20,400	240,300	(15,400)	224,900
Refunds of Payments	(63,800)	(63,800)	-	(63,800)	-	(63,800)	-	(63,800)
Total Other Revenue	1,348,800	1,331,900	-	1,331,900	20,400	1,352,300	(17,700)	1,334,600
Other Sources								
Federal Grants	1,628,800	1,833,900	92,600	1,926,500	128,800	1,962,700	96,300	2,059,000
Transfer from Tobacco Settlement	122,100	122,100	-	122,100	-	122,100	-	122,100
Transfers From/To Other Funds	1,427,975	1,428,000	(250,000)	1,178,000	-	1,428,000	(755,009)	672,991
Total Other Sources	3,178,875	3,384,000	(157,400)	3,226,600	128,800	3,512,800	(658,709)	2,854,091

Volatility Adjustment								
Volatility Cap Adjustment	(798,200)	(773,400)	-	(773,400)	(1,074,100)	(1,847,500)	-	(1,847,500)
Total Volatility Adjustment	(798,200)	(773,400)	-	(773,400)	(1,074,100)	(1,847,500)	-	(1,847,500)
Total General Fund	21,809,775	22,693,700	(325,200)	22,368,500	690,500	23,384,200	(996,009)	22,388,191

Revised Policies Details - General Fund

Personal Income Tax-Withholding

Accelerate Schedule for Tax Exemptions for Certain Income from Pensions and Annuities

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
(42,900,000)	(42,900,000)	-

Background: Section 641 of PA 17-2 JSS eliminates the personal income tax on pension and annuity income for taxpayers with federal adjusted gross incomes (AGI) below (1) \$75,000 for single filers, married people filing separately, and heads of households and (2) \$100,000 for married people filing jointly. The exemption is implemented in equal portions over seven Income Years: 2019 through 2025.

Governor: Accelerate the existing personal income tax exemption for pension and annuity income by making all qualifying pension and annuity income exempt for eligible filers beginning with the 2022 income year.

Section 2 of SB 11, AA Making Adjustments to State Revenue and Concerning Captive Insurance Companies, implements the policy.

Legislative Revenue: Same as Governor. Section 410 of PA 22-118, the FY 23 Revised Budget, implements the policy.

Sales and Use

Adopt the Sikorsky Plan

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	(6,300,000)	(6,300,000)

Legislative Revenue: PA 22-4, AAC Certain Aerospace Manufacturing Projects, authorizes the Department of Economic and Community Development commissioner to enter into an assistance agreement with an eligible aerospace company that intends to take on a qualifying helicopter production project in Connecticut. The agreement may provide the company with up to \$50 million or \$75 million in total tax benefits over its term, depending on whether it enters into federal contracts for one or two helicopter programs, respectively. These tax benefits may allow the company to first offset its sales and use tax liability and, if applicable, claim a corporation business tax credit for each year from FYs 23 to 32. The maximum benefit that may be utilized in any given fiscal year is \$6.25 million for one project and \$9.375 million for two projects.

Restore Sales Tax Exemption for Water Companies

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	(3,400,000)	(3,400,000)

Background: Section 222 of PA 15-244 repealed a sales tax exemption for certain water companies. The exemption was for the sales of and the storage, use or other consumption of any personal property or any services to a water company employed for the purpose of supplying water to fifty or more customers.

Legislative Revenue: Restore the exemption from sales and use tax for goods and services purchased by certain water companies.

Section 430 of PA 22-118, the FY 23 Revised Budget, implements the policy.

Extend Manufacturing-Related Sales Tax Exemption to Wine Makers

Background: Section 459 of PA 21-2 JSS, the FY 22 - FY 23 biennial budget, extended (effective July 1, 2023) specified manufacturing-related sales and use tax exemptions to beer manufacturers that are not currently eligible because they manufacture beer at a facility that also makes substantial retail sales.

Legislative Revenue: Make the purchase of wine supplies exempt from the sales and use tax. The policy covers both types of wine manufacturing permittees: (1) farm winery and (2) wine, cider, and mead. The associated, annual revenue loss is estimated to be \$500,000 beginning in FY 24.

Section 429 of PA 22-118, the FY 23 Revised Budget, implements the policy (effective July 1, 2023).

Corporations

Expand Student Loan Tax Credit

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
(9,400,000)	(9,400,000)	-

Background: Overview of the existing program:

- The credit is a 50% employer tax credit for amounts paid against an employee's student loan.
- The credit can only be made against either corporation business tax or insurance premiums tax liability, not both.
- The maximum credit is \$2,625 per employee per income year.
- The employee/borrower must have earned their first Bachelor's Degree in the last 5 years.
- The loan must be issued by the Connecticut Higher Education Supplemental Loan Authority (CHESLA) to **refinance a borrower's student loans**.
- Effective Date: Income years beginning 1/1/22.
- There are currently 172 borrowers in CHESLA's refinance program.
- Anticipated \$0.5 million revenue loss beginning in FY 2023.

Governor: Expand the existing tax credit by making all CHESLA loans credit-eligible. Allow tax credit to be refundable for businesses with sales less than \$5 million. Estimated revenue loss of \$9.4 million across approximately 3,600 CHESLA borrowers.

Section 3 of SB 11, AA Making Adjustments to State Revenue and Concerning Captive Insurance Companies, implements the policy.

Legislative Revenue: Same as Governor. Section 419 of PA 22-118, the FY 23 Revised Budget, implements the policy.

Public Service Corporations

Create an Exemption from the Gross Receipts Tax on Natural Gas

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	(1,300,000)	(1,300,000)

Background: Under current law, municipal gas utilities pay a 4% tax on gross receipts from their residential customers and 5% on those from nonresidential customers.

Legislative Revenue: Beginning July 1, 2022, exempt municipal gas utilities from the utility companies tax. Sections 433-434 of PA 118-22, the FY 23 Revised Budget, implements the policy.

Insurance Companies

Provide Tax Amnesty for Certain Insurers

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
7,500,000	7,500,000	-

Background: Many businesses today set up a wholly-owned insurance division to self-insure their own risk (captive insurers), however, most captives are domiciled off-shore. Connecticut only began allowing captive insurers in 2009 per PA 08-127.

Governor: Encourage firms to domicile/re-domicile in CT by:

- Waiving tax penalties (10%) if they address tax payments owed between 7/1/2019 through 6/30/2022 plus interest (1% per month) by 6/30/2023; and
- Eliminating any tax liability that may be owed for any period prior to 7/1/2019.

The policy has the potential to raise a one-time \$7.5 million in FY 23 with smaller amounts in ensuing fiscal years.

Sections 6- 17 of SB 11, AA Making Adjustments to State Revenue and Concerning Captive Insurance Companies, implements the policy.

Legislative Revenue: Same as Governor. Sections 437-438 of PA 22-118, the FY 23 Revised Budget, implements the policy.

Admissions and Dues

Extend Repeal of the Admissions Tax to Include Movie Theaters

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	(2,500,000)	(2,500,000)

Background: Section 434 of PA 21-2 JSS repealed the admissions tax on all places of amusement, entertainment or recreation (except movie theaters).

Legislative Revenue: Extend repeal of the admissions tax to include movie theaters. The annualized revenue loss is estimated to be \$5 million beginning in FY 24.

Section 435 of PA 22-118, the FY 23 Revised Budget, implements the policy beginning January 1, 2023.

Health Provider

Repeal the Ambulatory Surgical Center Tax

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	(18,000,000)	(18,000,000)

Background: The ambulatory surgical center (ASC) tax is imposed on the gross receipts of each ambulatory surgical center for each calendar quarter. Gross receipts do not include net patient revenue of a hospital that is subject to the hospital tax.

Public Act 21-2 JSS sunsets the existing 6% ASC tax on June 30, 2023 and establishes a new 3% ASC tax for calendar quarters commencing on or after July 1, 2023.

Legislative Revenue: Beginning July 1, 2022, (1) sunset the existing ASC tax; and (2) eliminate the ASC tax currently scheduled to take effect on July 1, 2023.

Sections 436 and 515 of PA 22-118, the FY 23 Revised Budget, implement the policies.

Refunds of Taxes

Adjust Property Tax Credit Amount

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
(70,000,000)	(60,000,000)	10,000,000

Background: The property tax credit against the personal income tax is currently limited to a maximum of \$200 per filer.

Governor: Increase the maximum amount from \$200 to \$300. The estimated fiscal impact reflects the restoration of full eligibility for the program in FY 23 and beyond. (The program is temporarily restricted to the elderly and those with dependents. That temporary restriction is recommended to be repealed in a separate adjustment.)

Section 1 of SB 11, AA Making Adjustments to State Revenue and Concerning Captive Insurance Companies, implements the policy to increase the maximum benefit per filer.

Legislative Revenue: Same as Governor. Section 408 of PA 22-118, the FY 23 Revised Budget, implements the policy. (The estimated revenue impact is updated, which explains the amount of difference between legislative and governor recommended policies.)

Establish a "Jobs CT" tax rebate

Governor: Overview of the proposal:

- Establish a tax rebate program under which companies may claim credits against the insurance premiums and pass-through entity, and corporation business taxes, for reaching certain job creation targets.
- Eligible businesses are those in the finance, insurance, manufacturing, clean energy, bioscience, technology, digital media, or any similar industry, as determined by the DECD commissioner.
- Rebates are paid by DRS against taxes owed by a qualified business against the insurance premiums, corporation business, or affected business entity tax, as determined by DRS.
- The credit is 25% of the state income tax paid by the new employees or 50% for employees in an opportunity zone or distressed municipality
- Minimum credit of \$1,000 per job, maximum credit of \$5,000 per job.
- Rebate available for up to seven successive calendar years.
- Allows pass-through businesses to claim the rebate against the pass-through entity tax; if the rebate exceeds the tax liability, then the DRS commissioner must treat it as an overpayment and refund it to the company.
- Allows companies that claim the rebate to exceed existing law's caps on insurance premiums (generally 30-70% of liability) and corporation business tax credits (50.01% of liability); if the rebate exceeds the company's tax liability, then the DRS commissioner must treat the excess as an overpayment and refund it to the company.
- **State revenue loss of up to \$40m annually** (aggregate cap for the program) beginning in FY 25.

HB 5127, AA Establishing the JobsCT Tax Rebate Program, implements the policy.

Legislative Revenue: Same as Governor. Sections 420-424 of PA 22-118, the FY 23 Revised Budget, implements the policy.

Restore Eligibility for Property Tax Credit

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
(53,000,000)	(53,000,000)	-

Background: Section 644 of PA 17-2 JSS, the FY 18-19 biennial budget, temporarily (2017 and 2018 Income Years) limited eligibility for the \$200 property tax credit to people who (1) are age 65 or older before the end of the applicable income year or (2) validly claim at least one dependent on their federal income tax return for that year. Section 335 of PA 19-117 extended this limitation through the FY 20-FY 21 biennium (2019 and 2020 Income Years). Section 432 of PA 21-2 JSS maintains limited eligibility through the FY 22-FY 23 biennium (2021 and 2022 Income Years).

Governor: Restore eligibility for the credit with the 2022 Income Year.

Section 2 of SB 11, AA Making Adjustments to State Revenue and Concerning Captive Insurance Companies, implements the policy.

Legislative Revenue: Same as Governor. Section 408 of PA 22-118, the FY 23 Revised Budget, implements the policy.

Reimburse Beer and Wine Manufacturers for Sales Taxes Paid on Certain Manufacturing-Related Purchases

Legislative Revenue: Reimburse beer manufacturers and both types of wine manufacturers (winery; and wine, cider, and mead permittees) for retroactive payments (five preceding income tax years) remitted to the commissioner of the Department of Revenue Services on sales and use tax on certain manufacturing-related purchases. To qualify for the refund, the manufacturers must be in good standing with the Department of Consumer Protection on July 1, 2023.

Reimbursable purchases include:

1. gas and electricity for direct use in a manufacturing plant, provided it is a metered building where at least 75% of the gas or electricity consumed is used for manufacturing purposes;
2. materials, tools, and fuel to become part of items sold or used directly in an industrial plant to make finished products for sale;
3. materials, tools, fuels, machinery, and equipment used in manufacturing that are not otherwise eligible for an exemption (50% of the gross receipts from such items); and
4. machinery used directly in a beer, wine, brandy, cider, or mead.

Taxpayers may file a refund claim with the Department of Revenue Services by July 1, 2026.

Section 429 of PA 22-118, the FY 23 Revised Budget, implements the policy, which is estimated to result in an FY 24 revenue loss estimated to be \$2.3 million in total.

Extend the Manufacturing Apprenticeship Tax Credit to Pass-through Entities

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	(5,000,000)	(5,000,000)

Background: The manufacturing apprenticeship tax credit is available for each apprentice under a qualified training program and equals the lesser of \$6 per hour the apprentice works, \$7,500, or 50% of the actual apprenticeship wages. Taxpayers may claim it in the first year of a two-year program or the first three years of a four-year program. The credit may be used to offset the corporation business, utilities companies, and petroleum products gross earnings taxes.

Legislative Revenue: Allow members of pass-through entities (e.g., limited liability companies (LLCs) and S corporations) to claim the apprenticeship credit against the pass-through entity tax and reduce their pass-through entity tax liability for tax years beginning on or after January 1, 2022.

Section 425 of PA 22-118, the FY 23 Revised Budget, implements the policy.

Establish a Tax Credit against the Personal Income Tax for the Birth of a Stillborn Child

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	(300,000)	(300,000)

Legislative Revenue: Establish a \$2,500 personal income tax credit for the birth of a stillborn child if the child would have been claimed as the taxpayer's dependent on his or her federal income tax return. Taxpayers may claim the credit for the tax year for which the Department of Public Health's State Vital Records Office issued a stillbirth certificate. The credit amount applies regardless of the taxpayer's filing status.

Section 412 of PA 22-118, the FY 23 Revised Budget, implements the policy.

Enact a Child Tax Rebate

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	(125,000,000)	(125,000,000)

Legislative Revenue: Establish a one-time rebate for qualifying, domiciled taxpayers in Connecticut equal to \$250 for each child (i.e., an individual who is age 18 or under as of December 31, 2021). Taxpayers may claim the credit for up to three children whom they validly claimed as dependents on their federal income tax return for the 2021 tax year. Taxpayers are eligible for the full rebate if their federal adjusted gross incomes (AGIs) for the 2021 tax year fall at or below certain thresholds, which vary by filing status. For taxpayers with incomes exceeding these thresholds, the rebate phases out at a rate of 10% for every \$1,000, or a fraction of \$1,000, of AGI exceeding the threshold (e.g., a single filer with a federal AGI of \$101,500 is eligible for 80% of the full rebate amount).

Section 411 of PA 22-118, the FY 23 Revised Budget, implements the policy.

Transfer Special Revenue

Divert Future XL Center Retail Sports Wagering Revenues to Support XL Center Operations

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	(700,000)	(700,000)

Legislative Revenue: Sections 427-428 of PA 22-118, the FY 23 Revised Budget, implement the policy. The annualized revenue loss is estimated to be \$1.3 million after the sports wagering facility begins operations.

Rentals, Fines and Escheats

Adjust the Unclaimed Property Program

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	(1,600,000)	(1,600,000)

Legislative Revenue: Sections 415-418 of PA 22-118, the FY 23 Revised Budget, alters the state's program in various ways, which is anticipated to reduce state revenues designated to the General Fund by approximately \$1.6 million annually.

Miscellaneous

Limit Cost Recoveries for Certain State Programs

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	(15,400,000)	(15,400,000)

Legislative Revenue: Reflect the aggregate revenue impact of the following policies:

1. Preclude use of SSDI benefits for cost of care (approx. \$1.5 million annual revenue loss) per Section 16 of PA 22-81, AA Expanding Preschool and Mental and Behavioral Services for Children;
2. Limit state recovery of public assistance programs (approx. \$8.5 million annual revenue loss) per Sections 449-456 and 514 of PA 22-118, the FY 23 Revised Budget Act; and
3. Limit the liability of an individual for repayment of costs incurred while incarcerated (approx. \$5.4 million annual revenue loss) per Sections 457-458 of PA 22-118, the FY 23 Revised Budget.

Federal Grants

Revenue Gain Attributable to Expenditure Changes

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
9,400,000	13,100,000	3,700,000

Background: Some state General Fund line items are gross funded, meaning state appropriations are made to cover the full cost with the expectation that federal reimbursements would partially offset those costs. Anticipated federal reimbursements are reflected in the Federal Grants revenue source. These adjustments exclude Medicaid, which is net funded.

Governor: Reflect the impact of changes to appropriations on federal grants revenue.

Legislative Revenue: Same as Governor. Adjust federal reimbursement revenues to reflect appropriations contained within the FY 23 Revised Budget.

Transfer HCBS/SUD Revenue from FY 2022 to FY 2023

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
83,200,000	83,200,000	-

Governor: Shift federal ARPA revenues to reflect expenditure trends primarily for the Home and Community Based Services (HCBS) program, but potentially including the Substance Use Disorder (SUD) program as well.

Section 5 of SB 11, AA Making Adjustments to State Revenue and Concerning Captive Insurance Companies, implements the policy.

Legislative Revenue: Same as Governor. Section 472 of PA 22-118, the FY 23 Revised Budget, implements the policy.

Transfers From/To Other Funds

Reduce Revenue Replacement from ARPA 2021 - Federal Stimulus

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
(250,000,000)	(880,000,000)	(630,000,000)

Background: Of the \$2,812.3 million total allocation to Connecticut through ARPA's Coronavirus State and Local Fiscal Recovery Fund, the FY 22 - FY 23 biennial budget uses \$1,754.8 million (62.4% of the total) as General Fund revenue to help balance the budget.

The biennial budget allocations as revenue are as follows: 1) \$559.9 million in FY 22; and 2) \$1,194.9 million in FY 23.

Section 453 of PA 21-2 JSS, AAC Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023, implements the policy

Governor: Reduce reliance on federal ARPA funds as state revenue as follows: 1) eliminate the \$559.9 million revenue allocation in FY 22; and 2) reduce the FY 23 revenue allocation from \$1,194.4 million to \$944.4 million (a \$250 million reduction).

Section 4 of SB 11, AA Making Adjustments to State Revenue and Concerning Captive Insurance Companies, implements the policy.

Legislative Revenue: Eliminate the \$559.9 million revenue allocation in FY 22 (same as Governor) and reduce the FY 23 revenue allocation from \$1,194.4 million to 314.4 million (an \$880 million reduction).

Section 471 of PA 22-118, the FY 23 Revised Budget, implements the policy.

FY 22 Transfers out to Support Off-Budget Funds

Background: Firefighters' cancer relief funds

The firefighters' cancer relief fund was established in 2016, and holds funds to be used to pay lost wages of firefighters during their treatment for cancers that have been linked to the chemical fumes generated when the synthetics used in modern construction and furnishings catch fire.

Initially, the fund was to be supported by redirecting one penny of the 51-cent surcharge on land-line and mobile telephone bills from a fund for the state's 911 system. Those pennies were expected to generate \$400,000 a year, and no benefits would be offered until the new fund had collected the telephone revenue for three years. However, there was concern that this diversion would jeopardize federal funds that support the 911 system, so General Fund appropriations have been provided within the Department of Administrative Services since FY 19.

In order to make the relief fund whole (provide for missing revenues in FY 17 and FY 18), \$800,000 would need to be provided.

UCONN medical malpractice settlement funds

Section 74 of PA 09-3 JSS, AAC Expenditures and Revenue for the Biennium Ending June 30, 2011, transferred \$10 million from the University of Connecticut Health Center's Medical Malpractice account in FY 10 and FY 11 each (for a total transfer of \$20 million) to the General Fund in order to help solve budget deficits.

Governor: Transfer surplus FY 22 General Fund revenues (\$20,875,000 in total) as follows:

1. \$800,000 to the firefighters' cancer relief account per Section 12 of SB 11;
2. \$75,000 to the neglected cemetery account per Section 13 of SB 11; and
3. \$20,000,000 to UCONN's medical malpractice account per Section 14 of SB11, AA Making Adjustments to State Revenue and Concerning Captive Insurance Companies.

Legislative Revenue: Same as Governor regarding FY 22 transfers to the firefighters' cancer relief and UCONN's medical malpractice accounts. Section 15 of PA 22-118, the FY 23 Revised Budget, implements the policy.

Credit FY 22 General Fund Revenues to FY 23

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	125,000,000	125,000,000

Legislative Revenue: Credit FY 22 General Fund revenues to FY 23.

Section 473 of PA 22-118, the FY 23 Revised Budget, implements the policy.

Provide Grants to Certain Native American Tribes

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	(9,000)	(9,000)

Legislative Revenue: Adjust the transfer amount between the General Fund and the Mashantucket Pequot and Mohegan Fund to provide for a \$3,000 grant to each of the following tribes: 1) the Schaghticoke; 2) the Paucatuck Eastern Pequot; and 3) the Golden Hill Paugussett.

Section 59 of PA 22-118, the FY 23 Revised Budget, as amended by Section 12 of PA 22-146, Additional Adjustments to the FY 23 Revised Budget, implements the policy.

Revised FY 23 Revenue Schedule
(in thousands)

	Original FY 23 Budget	January Consensus FY 23	Governor Policies	Governor FY 23 Revenue	Consensus Update (April)	April Consensus FY 23	Legislative Revenue Policies	Legislative Revenue FY 23 Revenue
Taxes Less Refunds								
Sales Tax - STF	774,700	794,400	-	794,400	-	794,400	(300)	794,100
Motor Fuels	496,000	494,900	-	494,900	-	494,900	(150,500)	344,400
Sales Tax DMV	89,700	102,800	-	102,800	3,500	106,300	-	106,300
Oil Companies	268,900	294,700	-	294,700	107,700	402,400	-	402,400
Highway Use Tax	-	45,000	-	45,000	-	45,000	-	45,000
Total Taxes Less Refunds	1,629,300	1,731,800	-	1,731,800	111,200	1,843,000	(150,800)	1,692,200
Taxes								
Refunds of Taxes	(16,200)	(16,200)	-	(16,200)	-	(16,200)	-	(16,200)
Total Taxes	(16,200)	(16,200)	-	(16,200)	-	(16,200)	-	(16,200)
Other Sources								
Motor Vehicle Receipts	266,500	266,500	-	266,500	2,500	269,000	-	269,000
Licenses, Permits and Fees	142,100	142,100	-	142,100	-	142,100	-	142,100
Interest Income	5,500	3,300	-	3,300	-	3,300	-	3,300
Federal Grants	10,100	10,100	-	10,100	-	10,100	-	10,100
Total Other Sources	424,200	422,000	-	422,000	2,500	424,500	-	424,500
Refunds and Transfers								
Transfers From/To Other Funds	(5,500)	(5,500)	-	(5,500)	-	(5,500)	-	(5,500)
Refunds of Payments	(2,500)	(2,500)	-	(2,500)	(600)	(3,100)	-	(3,100)
Total Refunds and Transfers	(8,000)	(8,000)	-	(8,000)	(600)	(8,600)	-	(8,600)
Total Special Transportation Fund	2,029,300	2,129,600	-	2,129,600	113,100	2,242,700	(150,800)	2,091,900

Revised Policies Details - Special Transportation Fund

Sales Tax - STF

Restore Sales Tax Exemption for Water Companies

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	(300,000)	(300,000)

Background: Section 222 of PA 15-244 repealed a sales tax exemption for certain water companies. The exemption was for the sales of and the storage, use or other consumption of any personal property or any services to a water company employed for the purpose of supplying water to fifty or more customers.

Legislative Revenue: Restore the exemption from sales and use tax for goods and services purchased by certain water companies. Section 430 of PA 22-118, the FY 23 Revised Budget, implements the policy.

Motor Fuels

Extend the Gas Tax Holiday

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	(150,000,000)	(150,000,000)

Background: Section 1 of PA 22-2, An Act Suspending Certain Gas Taxes and Sales and Use Taxes on Certain Clothing and Allocating Funds for Free Public Bus Services, suspended the 25 cents per gallon motor fuels tax on gasoline and gasohol for the final three months of FY 22.

Legislative Revenue: Extend through November 30, 2022, the suspension of the 25-cent-per-gallon motor vehicle fuels tax on gasoline and gasohol.

Section 431 of PA 22-118, the FY 23 Revised Budget, implements the policy.

Expand the Motor Fuels Tax Rebate to Include Emergency Medical Services Organizations

Governor FY 23	Legislative Revenue FY 23	Difference FY 23
-	(500,000)	(500,000)

Background: Existing law already allows hospitals and nonprofit civic organizations to get refunds for fuel used in ambulances they own.

Legislative Revenue: Extend the rebate program to organizations not already covered by it. An EMS organization is a corporation or other public, private, or voluntary organization that (1) is licensed by the Department of Public Health's Office of Emergency Medical Services and (2) offers ambulance transportation or treatment to patients primarily under emergency circumstances or a mobile integrated health care program.

Section 432 of PA 22-118, the FY 23 Revised Budget, implements the policy.
