

## OFFICE OF FISCAL ANALYSIS

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sHB-7175

AN ACT ESTABLISHING A FARM INVESTMENT TAX CREDIT  
AND INCREASING THE FARM MACHINERY PROPERTY TAX  
EXEMPTION AMOUNT.

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### ***OFA Fiscal Note***

#### ***State Impact:***

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Department of Revenue Services	GF - Revenue Loss	None	2.5 million
Department of Revenue Services	GF - Cost	None	Up to 75,000

Note: GF=General Fund

#### ***Municipal Impact:***

Municipalities	Effect	FY 26 \$	FY 27 \$
Various Municipalities	Grand List Reduction	None	Up to \$144 million.

### ***Explanation***

The bill, which establishes a refundable corporation business and personal income tax credit for farmers' investments and increases the mandatory property tax exemption for farm machinery other than motor vehicles, results in the fiscal impacts described below.

**Section 1**, which establishes a refundable farm investment tax credit, results in a (1) General Fund revenue loss of approximately \$2.5 million annually beginning in FY 27 and (2) one-time General Fund cost to the Department of Revenue Services of up to \$75,000 in FY 27 associated with programming updates to the CTax tax administration system and myconneCT online portal, and form modification.

**Section 2** may result in a grand list reduction of up to \$144 million to

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municipalities cumulatively beginning in FY 27 as a result of increasing the mandatory farm machinery property tax exemption from \$100,000 to \$250,000.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the amount of qualifying property.