

# OFFICE OF FISCAL ANALYSIS

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sHB-5114

AN ACT ESTABLISHING A REFUNDABLE CREDIT AGAINST THE PERSONAL INCOME TAX FOR A PORTION OF ANNUAL RENT PAYMENTS MADE BY A TAXPAYER FOR A PRIMARY RESIDENCE IN THE STATE.

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## **OFA Fiscal Note**

### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 27 \$</b>	<b>FY 28 \$</b>
Department of Revenue Services	GF - Revenue Loss	None	575 million
Department of Revenue Services	GF - Cost	None	Up to 150,000
Department of Revenue Services	GF - Cost	None	65,000
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	None	27,183

Note: GF=General Fund

**Municipal Impact:** None

### **Explanation**

The bill, which establishes a refundable personal income tax credit for rent paid of up to \$2,500 for eligible filers, results in (1) a General Fund revenue loss of approximately \$575 million annually beginning in FY 28, (2) a one-time cost to the Department of Revenue Services of up to \$150,000 in FY 28 associated with programming updates to the CTax tax administration system and myconneCT online portal to establish the refundable credit, form modification, and "certificate of rent paid" development, and (3) an on-going cost of \$92,183 for salary and fringe

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<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.82% of payroll in FY 27.

costs for one Revenue Examiner beginning in FY 28.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the per-filer credit cap of \$2,500.

*Sources: U.S. Census Bureau. "Financial Characteristics." American Community Survey, ACS 1-Year Estimates Subject Tables, Table S2503*