

# OFFICE OF FISCAL ANALYSIS

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HB-5115

AN ACT ESTABLISHING A PERSONAL INCOME TAX  
DEDUCTION FOR CERTAIN LOSSES INCURRED AS A RESULT OF  
CRYPTOCURRENCY INVESTMENT FRAUD OR WIRE FRAUD.

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## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Department of Revenue Services	GF - Potential Revenue Loss	None	Up to 3.8 million

Note: GF=General Fund

**Municipal Impact:** None

### **Explanation**

The bill, which establishes a personal income tax deduction for the amount of a theft loss from cryptocurrency investment fraud or wire fraud that is deductible for federal income tax purposes, results in a potential General Fund revenue loss of up to \$3.8 million annually beginning as early as FY 28. The precise revenue loss is dependent upon the volume and magnitude of losses that would be deductible annually under the bill.<sup>1</sup>

### **The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future.

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<sup>1</sup> To claim a theft loss, the Internal Revenue Service instructs victims to do so as itemized deductions. As of the 2022 tax year (the most recent data available), approximately 11% of Connecticut filers claimed itemized deductions on their federal personal income taxes.

Sources: *Federal Bureau of Investigation Internet Crime Report 2025*  
*Internal Revenue Service Topic no. 515, Casualty, disaster, and theft losses*