

OFFICE OF FISCAL ANALYSIS

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sHB-5570

AN ACT CONCERNING A TAX CREDIT FOR MILK PRODUCERS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Revenue Serv., Dept.	GF - Revenue Loss	None	Up to 8 million
Revenue Serv., Dept.	GF - Cost	None	Up to 75,000
Department of Agriculture	GF - Cost	115,808	115,808
State Comptroller - Fringe Benefits ¹	GF - Cost	44,249	44,249

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which establishes a refundable tax credit for milk producers, results in (1) a General Fund revenue loss of up to \$8 million annually beginning in FY 28, (2) a one-time cost of up to \$75,000 to the Department of Revenue Services in FY 28 associated with programming updates to the CTax tax administration system and myconneCT online portal to establish the refundable credit, and (3) an ongoing cost to the General Fund of \$160,057 annually beginning in FY 27.

Ongoing Cost Impact

The Department of Agriculture (DoAg) does not currently have the

¹The 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.

staff or expertise to establish a new tax credit program. DoAg will require one new Grant and Contract Specialist with an annual salary of \$105,808 and corresponding fringe benefits of \$44,249 to establish and administer the tax credit program for milk producers. Additionally, DoAg will require \$10,000 annually for licensing and software updates to manage the data associated with the new program. It is estimated that there are approximately 81 eligible milk producers in Connecticut.

The Out Years

The annualized ongoing revenue impact identified above would continue into the future subject to the annual aggregate credit cap of \$8 million; the annualized ongoing cost impact identified above would continue into the future subject to inflation.