

# OFFICE OF FISCAL ANALYSIS

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<http://www.cga.ct.gov/ofa>

sSB-1

AN ACT CONCERNING AFFORDABILITY.

## OFA Fiscal Note

### State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Revenue Serv., Dept.	Various - Revenue Loss	241.6 million	571.7 million
Revenue Serv., Dept.	GF - Cost	None	Up to 125,000

Note: Various=Various; GF=General Fund

**Municipal Impact:** None

### Explanation

The bill results in a net revenue loss to the state of \$241.6 million in FY 27 and \$571.7 million in FY 28 as well as a cost of up to \$125,000 to the Department of Revenue Services (DRS) in FY 28 only by modifying various taxes.

### Revenue Impact

**Table 1** lists all the tax policy changes under the bill and their associated impact. **Table 2** summarizes the bill's impact by fund.

**Table 1:** Impact of SB 1 by Policy - in millions

Section	Policy	Fund	FY 27	FY 28
Sec 1	Exempt clothing under \$100 from the sales and use tax	GF	(147.9)	(151.6)
		STF	(13.8)	(14.2)
		MRSF	(13.8)	(14.2)
		Total	(175.5)	(179.9)
Sec 1	Exempt certain school supplies from the sales and use tax	GF	(5.9)	(6.0)
		STF	(0.6)	(0.6)

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Section	Policy	Fund	FY 27	FY 28
		MRSF	(0.6)	(0.6)
		<i>Total</i>	(7.0)	(7.2)
Sec 1	Exempt certain appliances from the sales and use tax	GF	(10.1)	(10.4)
		STF	(0.9)	(1.0)
		MRSF	(0.9)	(1.0)
		<i>Total</i>	(12.0)	(12.3)
Sec 2	Exempt certain items sold in the supermarket from the sales and use tax	GF	(49.1)	(67.0)
Sec 3	Increase the maximum property tax credit from \$300 to \$400	GF	-	(46.0)
Sec 4	Establishes a refundable personal income tax credit for caregiver costs	GF	-	(1.8)
Sec 5	Establishes a refundable personal income tax credit for rent paid of up to \$1,000 for eligible filers	GF	-	(202.0)
Sec 6	Fully exempts Social Security benefits from the personal income tax	GF	-	(57.5)
Sec 7	Repeals the "sales-tax-free-week" holiday	GF	1.7	1.7
		STF	0.2	0.2
		MRSF	0.2	0.2
		<i>Total</i>	2.0	2.0

**Table 2:** Net Impact of SB 1 by Fund - in millions

Fund	FY 27	FY 28
General Fund (GF)	(211.3)	(540.6)
Special Transportation Fund (STF)	(15.2)	(15.5)
Municipal Revenue Sharing Fund (MRSF)	(15.2)	(15.5)
<b>Net Total All Funds</b>	<b>(241.6)</b>	<b>(571.7)</b>

### DRS Costs

**Section 4** results in a one-time cost to DRS of up to \$50,000 in FY 28

for the development and implementation of a voucher system.

**Section 5** results in a one-time cost to DRS of up to \$75,000 in FY 28 associated with programming updates to the CTax tax administration system and myconneCT online portal, as well as form modification.

***The Out Years***

The costs noted in **Sections 4 and 5** are one-time only in FY 28. The revenue loss associated with **Section 5** would grow annually thereafter in accordance with the number of filers receiving Social Security benefits and the growth in benefit amounts received. All other impacts identified above would continue into the future subject to inflation.