

OFFICE OF FISCAL ANALYSIS

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

sSB-2

AN ACT SUPPORTING LOCAL COMMERCE.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Department of Revenue Services	Various - Revenue Loss	17.4 million	23.8 million
Resources of the General Fund	GF - Revenue Loss	89 million	121.6 million
Resources of the Tourism Fund	Tourism - Revenue Gain	44.5 million	60.8 million
Department of Revenue Services	Various - Revenue Gain	44.5 million	60.8 million
Legislative Mgmt.	GF - Potential Cost	Minimal	Minimal

Note: Various=Various; GF=General Fund; Tourism=Tourism Fund

Municipal Impact: None

Explanation

The bill results in the following impacts noted below.

Section 1 results in an annualized revenue loss to the state of \$17.4 million and \$23.8 million in FY 28 by exempting the sale of gas and electricity to small businesses from the sales and use tax.¹

Sections 2 - 5 result in a revenue loss to the General Fund of \$89 million in FY 27 and \$121.6 million in FY 28 and annually thereafter by

¹ By statute, 0.5 percentage points of the 6.35% rate (or 7.87% of collections) is deposited into the Special Transportation Fund and Municipal Revenue Sharing Fund each. The remaining 5.35 percentage points (or 84.25% of collections) is deposited into the General Fund.

diverting 50% of collections of the additional 1% meals tax to the Tourism Fund and the municipal revenue diversification fund, established under the bill.

The bill also results in a corresponding revenue gain of \$44.5 million in FY 27 and \$60.8 million in FY 28 and annually thereafter each to the (1) Tourism Fund and (2) municipal revenue diversification account.

Section 4 also results in a revenue gain to municipalities by requiring the Department of Revenue Services to distribute the funds from the municipal revenue diversification account to municipalities as outlined under the bill.

Section 6 establishes a Connecticut-India Trade Commission resulting in a potential minimal cost to the Office of Legislative Management. The bill specifies that commission members serve without compensation but can be reimbursed for necessary expenses resulting in a potential cost to the extent reimbursements occur.

The Out Years

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