

OFFICE OF FISCAL ANALYSIS

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sSB-84

AN ACT CONCERNING ADJUSTMENTS TO STATE REVENUE.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: See Below

Explanation

Revenue Impacts in \$ millions					
Policy	Fund – Acct impacted	FY 26	FY 27	FY 28	Reference
Decouple from Federal P.L. 119-21 as it relates to bonus depreciation for Qualified Production Properties	General Fund – Corporation Tax	-	0.0	103.6	Sections 1 and 2
Conform to Federal P.L. 119-21 research and experimentation rules beginning in Income Year (IY) 2026	General Fund – Corporation Tax	-	66.8	(33.4)	Sections 1 and 2
Allow certain pass-through entities to earn (partially refundable) research and development tax credits	General Fund – Estimates and Finals	-	(20.0)	(20.0)	Section 3
	General Fund – Volatility Cap Adjustment	-	20.0	20.0	
	General Fund – R&D Credit Exchange	-	(5.0)	(5.0)	
Temporarily adjust the volatility cap threshold	General Fund – Volatility Adjustment	650.0	-	-	Section 4
Adjust the FY 26 – FY 27 revenue transfer to support FY 26 balance	General Fund – Transfers	30.0	(30.0)	-	Section 5

Revenue Impacts in \$ millions					
Policy	Fund - Acct impacted	FY 26	FY 27	FY 28	Reference
Update the General Fund subsidy of the Municipal Revenue Sharing Fund	General Fund - Transfers	13.1	21.4	-	Section 6
	Municipal Revenue Sharing Fund	(13.1)	(21.4)	-	
Shift the funding source for municipal aid grants to Ledyard and Montville	General Fund	-	(1.6)	(1.6)	Sections 7 and 8
	Mashantucket Pequot and Mohegan Fund	-	1.6	1.6	
Increase the fund balance retained by the Home Improvement Guaranty Fund	General Fund - Transfers	-	(0.2)	(0.2)	Section 9
	Home Improvement Guaranty Fund	-	0.2	0.2	
Eliminate certain occupational license application and renewal fees	General Fund - Licenses, Fees and Permits	-	(15.9)	(21.2)	Sections 10 - 25
Replace the Cannabis total THC potency tax with an excise tax of 10.75	General fund - Miscellaneous Tax	-	(1.4)	(1.5)	Section 26
	Prevention and Recovery Services Fund	-	(0.5)	(0.5)	
Provide a refundable tax credit for milk producers	General Fund - Corporation and Personal Income Tax	-	-	(8.0)	Section 27
Tax peer-to-peer car services at the 9.35% rate	Special Transportation Fund	-	0.7	0.9	Sections 28 - 29
Increases the sales price threshold for a motor vehicle subject to the 7.75% sales tax from \$50,000 to \$75,000	Special Transportation Fund - Sales Tax	-	(14.5)	(19.8)	Sections 28 - 29
Diverts 50% of the additional 1% sales and use tax on meals and beverages to the Tourism Fund	General Fund	-	(44.5)	(60.8)	Sections 28 - 29
	Tourism Fund	-	44.5	60.8	

Revenue Impacts in \$ millions					
Policy	Fund - Acct impacted	FY 26	FY 27	FY 28	Reference
Increases the sales tax exemption for certain personal property used in burials and cremations from \$2,500 to \$10,000	General Fund - Sales Tax	-	(2.5)	(3.5)	Section 30
	Special Transportation Fund - Sales Tax	-	(0.2)	(0.3)	
	Municipal Revenue Sharing Fund - Sales Tax		(0.2)	(0.3)	
Raise the per-item cost (from \$100 to \$300) for clothing and footwear exempt from the sales tax during the "tax free week"; expand the items exempt during the "tax free week" to include backpacks and certain athletic footwear	General Fund; Special Transportation Fund; and Municipal Revenue Sharing Fund - Sales Tax	-	(3.0)	(3.0)	Section 31
Extend the Redemption Rate of Film and Digital Media Production Tax Credits Against the Sales and Use Tax	General Fund; Special Transportation Fund; and Municipal Revenue Sharing Fund - Sales Tax	-	-	-	Section 32
Provide for Community Partnership Opportunity Agreements	General Fund	-	-	-	Section 33
Adjust the Hospital Tax	General Fund - Health Provider Tax	-	(221.0)	(221.0)	Sections 34-44 (see "Adjust Hospital Tax" table below for summary)
Repeals the 6% tax on nursing home and intermediate care facilities revenue scheduled to take effect on July 1, 2026	General Fund	-	-	-	Section 44

Adjust Hospital Tax - Total Changes in \$ millions

FY	Current Law	Committee	Difference
2026	820	820	0
2027	1,195	974	(221)
2028	1,220	999	(221)
2029	1,245	1,024	(221)
2030	1,270	1,049	(221)
2031	1,295	1,074	(221)

Expenditure Changes

Section 44 repeals the provision in the FY 26 - FY 27 budget that implements the Medicaid supplemental payments to hospitals for FY 27 (a \$140 million budgeted increase over FY 26). The underlying appropriation is unchanged in the bill. Section 44 also effectively repeals scheduled \$25 million increases annually in FY 28 and beyond to the Medicaid supplemental hospital payments.

Section 33 results in an annualized cost of \$146,000 (\$103,000 in salary and related \$43,000 in fringe benefits) for one community development specialist in the Department of Economic and Community Development (DECD) to administer the program. Section 33 also results in a potential revenue gain and potential cost by creating a "community partnership opportunity" account. The revenue gain includes the funding received from participating investors in the program which, under the bill, is deposited into the account. Section 33 also requires the state treasurer to invest those funds in the account for use in the program. The revenues in the account are to be used to finance the costs associated with the program including: (1) implementing the specified initiatives, (2) evaluating their performance, and (3) making the success payments. The actual fiscal impact will be contingent on the number of agreements and specifics within the agreement.

The Out Years

The annualized ongoing expenditures fiscal impact identified above would continue subject to inflation and scheduled out-year policy changes, as described above. Out year estimated total revenue impacts by fund are provided in the table below.

Out-year revenue impact by major fund - in \$ millions

	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31
General Fund	693.1	(236.9)	(255.6)	(250.6)	(237.1)	(233.1)
Mashantucket Pequot and Mohegan Fund	-	1.6	1.6	1.6	1.6	1.6
Special Transportation Fund	-	(14.0)	(19.2)	(20.2)	(20.7)	(21.3)
Municipal Revenue Sharing Fund	(13.1)	(21.6)	(0.3)	(0.3)	(0.3)	(0.3)
Tourism Fund	-	44.5	60.8	62.3	63.9	65.5
Cannabis Prevention and Recovery Services Fund	-	(0.5)	(0.5)	-	-	-
Total	680.0	(226.9)	(213.2)	(207.2)	(192.6)	(187.6)