



General Assembly

Substitute Bill No. 5114

February Session, 2026



AN ACT ESTABLISHING A REFUNDABLE CREDIT AGAINST THE PERSONAL INCOME TAX FOR A PORTION OF ANNUAL RENT PAYMENTS MADE BY A TAXPAYER FOR A PRIMARY RESIDENCE IN THE STATE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective January 1, 2027*) (a) As used in this section:

2 (1) "Condominium" has the same meaning as provided in section 47-
3 68a of the general statutes;

4 (2) "Common interest community" has the same meaning as provided
5 in section 47-202 of the general statutes;

6 (3) "Dwelling unit" has the same meaning as provided in section 47a-
7 1 of the general statutes;

8 (4) "Eligible renter" means an individual (A) who rented and
9 occupied one or more dwelling units in the state for the entirety of the
10 applicable taxable year as such individual's primary residence and paid
11 rent for such dwelling unit or units, (B) who was not claimed as a
12 dependent on another individual's federal income tax return for the
13 applicable taxable year, and (C) whose federal adjusted gross income
14 for the applicable taxable year does not exceed (i) seventy-five thousand
15 dollars for individuals who file a return under the federal income tax as

16 an unmarried individual, a married individual filing separately or a
17 head of household, or (ii) one hundred fifty thousand dollars for
18 individuals who file a return under the federal income tax as married
19 individuals filing jointly;

20 (5) "Hotel", "lodging" and "bed and breakfast establishment" have the
21 same meanings as provided in section 12-407 of the general statutes;

22 (6) "Mobile manufactured home" has the same meaning as provided
23 in section 12-63a of the general statutes; and

24 (7) "Short-term rental" has the same meaning as provided in section
25 12-408h of the general statutes.

26 (b) Any eligible renter who is subject to the tax imposed under
27 chapter 229 of the general statutes for any taxable year commencing on
28 or after January 1, 2027, shall be allowed a credit against the tax
29 otherwise due under chapter 229 of the general statutes, other than the
30 liability imposed by section 12-707 of the general statutes, in an amount
31 equal to twenty per cent of the eligible renter's annual rent actually paid
32 by the eligible renter for the applicable taxable year, minus four per cent
33 of the eligible renter's federal adjusted gross income for the applicable
34 taxable year, provided the amount of the credit for any taxable year shall
35 not exceed (1) for any eligible renter who files a return under the federal
36 income tax as an unmarried individual, a married individual filing
37 separately or a head of household, two thousand five hundred dollars,
38 and (2) for any two eligible renters who file a return as married
39 individuals filing jointly, two thousand five hundred dollars jointly for
40 such two eligible renters.

41 (c) (1) Each owner or managing agent, including the owner or
42 managing agent of a mobile manufactured home park, of any property
43 in the state that is occupied by a renter as a primary residence and for
44 which the renter pays rent, shall furnish a certificate of rent paid to each
45 such renter who is a renter on December thirty-first. The certificate shall
46 be in such form and manner as prescribed by the Commissioner of
47 Revenue Services and shall be provided to each renter before February

48 first of the year following the year in which the rent was paid. Each
49 eligible renter claiming the credit under this section shall file such
50 certificate with the eligible renter's state tax filing.

51 (2) If a renter moves before December thirty-first, the owner or
52 managing agent may furnish the certificate to the renter at the time of
53 moving or send the certificate by mail to a forwarding address, if
54 known, or by electronic mail if the renter provided an electronic mail
55 address to the owner or managing agent.

56 (3) Each owner or managing agent shall retain a duplicate of each
57 certificate, or an equivalent record that shows the information that was
58 included in each certificate, for a period of four years and shall make
59 such duplicate or record available to the commissioner upon request.

60 (4) If an eligible renter does not receive a certificate from the owner
61 or managing agent, the eligible renter may submit an affidavit that
62 includes the information that would be included in a certificate of rent
63 paid. The Department of Revenue Services shall develop a form for the
64 affidavit and post such form on the department's Internet web site.

65 (d) If the amount of the credit allowed pursuant to this section
66 exceeds the taxpayer's liability for the tax imposed under chapter 229 of
67 the general statutes, the Commissioner of Revenue Services shall treat
68 such excess as an overpayment and, except as provided under section
69 12-739 or 12-742 of the general statutes, shall refund the amount of such
70 excess, without interest, to the taxpayer.

71 (e) For the purposes of this section:

72 (1) "Rent" includes (A) the amount of heat, hot water, gas, electricity,
73 furniture and parking, to the extent the landlord makes no separate
74 charge for such items, and (B) the rental of a mobile manufactured home
75 or of the leasehold site being occupied by the taxpayer's mobile
76 manufactured home, or both.

77 (2) "Rent" does not include (A) amounts paid as a security deposit or

78 amounts paid for the last month's rent upon entering into a rental or
79 lease agreement, unless such amounts are applied to unpaid rent, (B)
80 payments by a tenant-stockholder of a cooperative housing corporation
81 to such corporation, (C) payments by a tenant or an owner of a
82 condominium or a unit in a common interest community to the
83 respective unit owner association, (D) consideration paid for the
84 occupancy of a hotel, lodging house, bed and breakfast establishment or
85 short-term rental, unless such premises are occupied under a rental or
86 lease agreement, or (E) payment in kind by the tenant to the landlord.

87 (f) Commencing in the taxable year commencing January 1, 2028, and
88 annually thereafter, the Commissioner of Revenue Services shall submit
89 a report, in accordance with the provisions of section 11-4a of the general
90 statutes, to the joint standing committee of the General Assembly
91 having cognizance of matters relating to finance, revenue and bonding,
92 of the total amount of credits claimed under this section for the previous
93 taxable year and such other deidentified and disclosable information
94 that is requested by said committee concerning the credit allowed under
95 this section, to enable said committee to evaluate whether any changes
96 should be made to the income thresholds or credit amounts set forth in
97 this section.

98 (g) The commissioner may (1) coordinate with the Department of
99 Housing and other state agencies to promote public awareness of the
100 credit under this section, and (2) adopt regulations, in accordance with
101 the provisions of chapter 54 of the general statutes, to implement the
102 provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	January 1, 2027	New section

FIN Joint Favorable Subst.