



General Assembly

Amendment

February Session, 2026

LCO No. 742



Offered by:

REP. CANDELORA V., 86th Dist.

REP. O'DEA, 125th Dist.

REP. RUTIGLIANO, 123rd Dist.

REP. ACKERT, 8th Dist.

REP. ZUPKUS, 89th Dist.

To: Senate Bill No. 83

File No.

Cal. No.

"AN ACT ESTABLISHING THE FEDERAL CUTS RESPONSE FUND."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. (*Effective from passage*) (a) There is established a fund to be
4 known as the "P.L. 119-21 Response Fund". The fund shall contain any
5 moneys required by law to be deposited in the fund and shall be held
6 by the Treasurer separate and apart from all other moneys, funds and
7 accounts. Amounts in the fund shall be expended only pursuant to
8 appropriation by the General Assembly. Except as provided in
9 subsection (b) of this section, any balance remaining in the fund at the
10 end of a fiscal year shall be carried forward in the fund for the
11 subsequent fiscal year.

12 (b) After the accounts for the P.L. 119-21 Response Fund have been
13 closed for the fiscal year ending June 30, 2027, and the Comptroller has
14 determined the amount of the unexpended balance in said fund, the
15 amount of such unexpended balance shall be transferred by the
16 Treasurer to the Budget Reserve Fund subject to the provisions of
17 subparagraph (C) of subdivision (1) of subsection (c) or (d) of section 4-
18 30a of the general statutes. The fund shall be terminated upon the
19 transfer of the balance in the fund or upon the Comptroller's
20 determination that there are no unexpended moneys available in the
21 fund to transfer.

22 Sec. 2. (*Effective from passage*) Notwithstanding the provisions of
23 subsection (f) of section 4-30a of the general statutes, on the effective
24 date of this act, the Treasurer shall transfer the sum of \$330,811,954 from
25 the Budget Reserve Fund to the P.L. 119-21 Response Fund, established
26 pursuant to section 1 of this act.

27 Sec. 3. (*Effective from passage*) (a) The following sums are appropriated
28 from the P.L. 119-21 Response Fund, established pursuant to section 1
29 of this act: (1) \$128,000,000 to the General Fund, for the fiscal year ending
30 June 30, 2026, for the purpose of mitigating the revenue loss resulting
31 from the subtraction set forth in subparagraph (B)(xxxviii) of
32 subdivision (20) of subsection (a) of section 12-701 of the general
33 statutes, as amended by this act; and (2) \$202,811,954 to the Office of
34 Policy and Management, for the fiscal year ending June 30, 2026, for the
35 purpose of responding to the policy impacts of P.L. 119-21 and
36 mitigating any action or inaction by the federal government that results
37 in a reduction in funding for any program in this state.

38 (b) That portion of unexpended funds appropriated in subsection (a)
39 of this section shall not lapse on June 30, 2026, and shall continue to be
40 available for the purposes described in subsection (a) of this section
41 during the fiscal year ending June 30, 2027.

42 (c) The Secretary of the Office of Policy and Management may
43 transfer any portion of the amount appropriated in subsection (a) of this

44 section to any agency in any appropriated fund to give effect to the
45 purposes described in subsection (a) of this section. The unexpended
46 balance of any amount transferred pursuant to this section shall be
47 returned to the P.L. 119-21 Response Fund on June 30, 2027, and shall
48 lapse on said date.

49 Sec. 4. (*Effective from passage*) Prior to expending any moneys in
50 accordance with subdivision (2) of subsection (a) of section 3 of this act
51 or transferring any moneys in accordance with subsection (c) of section
52 3 of this act, the Secretary of the Office of Policy and Management shall
53 provide electronic notice to the president pro tempore of the Senate, the
54 speaker of the House of Representatives, and the majority and minority
55 leaders of both houses of the General Assembly of the amount and
56 purpose of each such expenditure or transfer. Any such expenditure or
57 transfer shall be approved by a majority vote of both houses of the
58 General Assembly. The secretary shall not make any such expenditure
59 or transfer before the General Assembly has approved such expenditure
60 or transfer.

61 Sec. 5. Subparagraph (B) of subdivision (20) of subsection (a) of
62 section 12-701 of the 2026 supplement to the general statutes is repealed
63 and the following is substituted in lieu thereof (*Effective from passage*):

64 (B) There shall be subtracted therefrom:

65 (i) To the extent properly includable in gross income for federal
66 income tax purposes, any income with respect to which taxation by any
67 state is prohibited by federal law;

68 (ii) To the extent allowable under section 12-718, exempt dividends
69 paid by a regulated investment company;

70 (iii) To the extent properly includable in gross income for federal
71 income tax purposes, the amount of any refund or credit for
72 overpayment of income taxes imposed by this state, or any other state
73 of the United States or a political subdivision thereof, or the District of
74 Columbia;

75 (iv) To the extent properly includable in gross income for federal
76 income tax purposes and not otherwise subtracted from federal
77 adjusted gross income pursuant to clause (x) of this subparagraph in
78 computing Connecticut adjusted gross income, any tier 1 railroad
79 retirement benefits;

80 (v) To the extent any additional allowance for depreciation under
81 Section 168(k) of the Internal Revenue Code for property placed in
82 service after September 27, 2017, was added to federal adjusted gross
83 income pursuant to subparagraph (A)(ix) of this subdivision in
84 computing Connecticut adjusted gross income, twenty-five per cent of
85 such additional allowance for depreciation in each of the four
86 succeeding taxable years;

87 (vi) To the extent properly includable in gross income for federal
88 income tax purposes, any interest income from obligations issued by or
89 on behalf of the state of Connecticut, any political subdivision thereof,
90 or public instrumentality, state or local authority, district or similar
91 public entity created under the laws of the state of Connecticut;

92 (vii) To the extent properly includable in determining the net gain or
93 loss from the sale or other disposition of capital assets for federal income
94 tax purposes, any gain from the sale or exchange of obligations issued
95 by or on behalf of the state of Connecticut, any political subdivision
96 thereof, or public instrumentality, state or local authority, district or
97 similar public entity created under the laws of the state of Connecticut,
98 in the income year such gain was recognized;

99 (viii) Any interest on indebtedness incurred or continued to purchase
100 or carry obligations or securities the interest on which is subject to tax
101 under this chapter but exempt from federal income tax, to the extent that
102 such interest on indebtedness is not deductible in determining federal
103 adjusted gross income and is attributable to a trade or business carried
104 on by such individual;

105 (ix) Ordinary and necessary expenses paid or incurred during the

106 taxable year for the production or collection of income which is subject
107 to taxation under this chapter but exempt from federal income tax, or
108 the management, conservation or maintenance of property held for the
109 production of such income, and the amortizable bond premium for the
110 taxable year on any bond the interest on which is subject to tax under
111 this chapter but exempt from federal income tax, to the extent that such
112 expenses and premiums are not deductible in determining federal
113 adjusted gross income and are attributable to a trade or business carried
114 on by such individual;

115 (x) (I) For taxable years commencing prior to January 1, 2019, for a
116 person who files a return under the federal income tax as an unmarried
117 individual whose federal adjusted gross income for such taxable year is
118 less than fifty thousand dollars, or as a married individual filing
119 separately whose federal adjusted gross income for such taxable year is
120 less than fifty thousand dollars, or for a husband and wife who file a
121 return under the federal income tax as married individuals filing jointly
122 whose federal adjusted gross income for such taxable year is less than
123 sixty thousand dollars or a person who files a return under the federal
124 income tax as a head of household whose federal adjusted gross income
125 for such taxable year is less than sixty thousand dollars, an amount
126 equal to the Social Security benefits includable for federal income tax
127 purposes;

128 (II) For taxable years commencing prior to January 1, 2019, for a
129 person who files a return under the federal income tax as an unmarried
130 individual whose federal adjusted gross income for such taxable year is
131 fifty thousand dollars or more, or as a married individual filing
132 separately whose federal adjusted gross income for such taxable year is
133 fifty thousand dollars or more, or for a husband and wife who file a
134 return under the federal income tax as married individuals filing jointly
135 whose federal adjusted gross income from such taxable year is sixty
136 thousand dollars or more or for a person who files a return under the
137 federal income tax as a head of household whose federal adjusted gross
138 income for such taxable year is sixty thousand dollars or more, an

139 amount equal to the difference between the amount of Social Security
140 benefits includable for federal income tax purposes and the lesser of
141 twenty-five per cent of the Social Security benefits received during the
142 taxable year, or twenty-five per cent of the excess described in Section
143 86(b)(1) of the Internal Revenue Code;

144 (III) For the taxable year commencing January 1, 2019, and each
145 taxable year thereafter, for a person who files a return under the federal
146 income tax as an unmarried individual whose federal adjusted gross
147 income for such taxable year is less than seventy-five thousand dollars,
148 or as a married individual filing separately whose federal adjusted gross
149 income for such taxable year is less than seventy-five thousand dollars,
150 or for a husband and wife who file a return under the federal income tax
151 as married individuals filing jointly whose federal adjusted gross
152 income for such taxable year is less than one hundred thousand dollars
153 or a person who files a return under the federal income tax as a head of
154 household whose federal adjusted gross income for such taxable year is
155 less than one hundred thousand dollars, an amount equal to the Social
156 Security benefits includable for federal income tax purposes; and

157 (IV) For the taxable year commencing January 1, 2019, and each
158 taxable year thereafter, for a person who files a return under the federal
159 income tax as an unmarried individual whose federal adjusted gross
160 income for such taxable year is seventy-five thousand dollars or more,
161 or as a married individual filing separately whose federal adjusted gross
162 income for such taxable year is seventy-five thousand dollars or more,
163 or for a husband and wife who file a return under the federal income tax
164 as married individuals filing jointly whose federal adjusted gross
165 income from such taxable year is one hundred thousand dollars or more
166 or for a person who files a return under the federal income tax as a head
167 of household whose federal adjusted gross income for such taxable year
168 is one hundred thousand dollars or more, an amount equal to the
169 difference between the amount of Social Security benefits includable for
170 federal income tax purposes and the lesser of twenty-five per cent of the
171 Social Security benefits received during the taxable year, or twenty-five

172 per cent of the excess described in Section 86(b)(1) of the Internal
173 Revenue Code;

174 (xi) To the extent properly includable in gross income for federal
175 income tax purposes, any amount rebated to a taxpayer pursuant to
176 section 12-746;

177 (xii) To the extent properly includable in the gross income for federal
178 income tax purposes of a designated beneficiary, any distribution to
179 such beneficiary from any qualified state tuition program, as defined in
180 Section 529(b) of the Internal Revenue Code, established and
181 maintained by this state or any official, agency or instrumentality of the
182 state;

183 (xiii) To the extent allowable under section 12-701a, contributions to
184 accounts established pursuant to any qualified state tuition program, as
185 defined in Section 529(b) of the Internal Revenue Code, established and
186 maintained by this state or any official, agency or instrumentality of the
187 state;

188 (xiv) To the extent properly includable in gross income for federal
189 income tax purposes, the amount of any Holocaust victims' settlement
190 payment received in the taxable year by a Holocaust victim;

191 (xv) To the extent properly includable in the gross income for federal
192 income tax purposes of a designated beneficiary, as defined in section
193 3-123aa, interest, dividends or capital gains earned on contributions to
194 accounts established for the designated beneficiary pursuant to the
195 Connecticut Homecare Option Program for the Elderly established by
196 sections 3-123aa to 3-123ff, inclusive;

197 (xvi) To the extent properly includable in gross income for federal
198 income tax purposes, any income received from the United States
199 government as retirement pay for a retired member of (I) the Armed
200 Forces of the United States, as defined in Section 101 of Title 10 of the
201 United States Code, or (II) the National Guard, as defined in Section 101
202 of Title 10 of the United States Code;

(xvii) To the extent properly includable in gross income for federal income tax purposes for the taxable year, any income from the discharge of indebtedness in connection with any reacquisition, after December 31, 2008, and before January 1, 2011, of an applicable debt instrument or instruments, as those terms are defined in Section 108 of the Internal Revenue Code, as amended by Section 1231 of the American Recovery and Reinvestment Act of 2009, to the extent any such income was added to federal adjusted gross income pursuant to subparagraph (A)(xi) of this subdivision in computing Connecticut adjusted gross income for a preceding taxable year;

(xviii) To the extent not deductible in determining federal adjusted gross income, the amount of any contribution to a manufacturing reinvestment account established pursuant to section 32-9zz in the taxable year that such contribution is made;

(xix) To the extent properly includable in gross income for federal income tax purposes, (I) for the taxable year commencing January 1, 2015, ten per cent of the income received from the state teachers' retirement system, (II) for the taxable years commencing January 1, 2016, to January 1, 2020, inclusive, twenty-five per cent of the income received from the state teachers' retirement system, and (III) for the taxable year commencing January 1, 2021, and each taxable year thereafter, fifty per cent of the income received from the state teachers' retirement system or, for a taxpayer whose federal adjusted gross income does not exceed the applicable threshold under clause (xx) of this subparagraph, the percentage pursuant to said clause of the income received from the state teachers' retirement system, whichever deduction is greater;

(xx) To the extent properly includable in gross income for federal income tax purposes, except for retirement benefits under clause (iv) of this subparagraph and retirement pay under clause (xvi) of this subparagraph, for a person who files a return under the federal income tax as an unmarried individual whose federal adjusted gross income for such taxable year is less than seventy-five thousand dollars, or as a

236 married individual filing separately whose federal adjusted gross
 237 income for such taxable year is less than seventy-five thousand dollars,
 238 or as a head of household whose federal adjusted gross income for such
 239 taxable year is less than seventy-five thousand dollars, or for a husband
 240 and wife who file a return under the federal income tax as married
 241 individuals filing jointly whose federal adjusted gross income for such
 242 taxable year is less than one hundred thousand dollars, (I) for the taxable
 243 year commencing January 1, 2019, fourteen per cent of any pension or
 244 annuity income, (II) for the taxable year commencing January 1, 2020,
 245 twenty-eight per cent of any pension or annuity income, (III) for the
 246 taxable year commencing January 1, 2021, forty-two per cent of any
 247 pension or annuity income, and (IV) for the taxable years commencing
 248 January 1, 2022, and January 1, 2023, one hundred per cent of any
 249 pension or annuity income;

250 (xxi) To the extent properly includable in gross income for federal
 251 income tax purposes, except for retirement benefits under clause (iv) of
 252 this subparagraph and retirement pay under clause (xvi) of this
 253 subparagraph, any pension or annuity income for the taxable year
 254 commencing on or after January 1, 2024, and each taxable year
 255 thereafter, in accordance with the following schedule, for a person who
 256 files a return under the federal income tax as an unmarried individual
 257 whose federal adjusted gross income for such taxable year is less than
 258 one hundred thousand dollars, or as a married individual filing
 259 separately whose federal adjusted gross income for such taxable year is
 260 less than one hundred thousand dollars, or as a head of household
 261 whose federal adjusted gross income for such taxable year is less than
 262 one hundred thousand dollars:

T1	Federal Adjusted Gross Income	Deduction
T2	Less than \$75,000	100.0%
T3	\$75,000 but not over \$77,499	85.0%
T4	\$77,500 but not over \$79,999	70.0%
T5	\$80,000 but not over \$82,499	55.0%
T6	\$82,500 but not over \$84,999	40.0%

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T7	\$85,000 but not over \$87,499	25.0%
T8	\$87,500 but not over \$89,999	10.0%
T9	\$90,000 but not over \$94,999	5.0%
T10	\$95,000 but not over \$99,999	2.5%
T11	\$100,000 and over	0.0%

263 (xxii) To the extent properly includable in gross income for federal
 264 income tax purposes, except for retirement benefits under clause (iv) of
 265 this subparagraph and retirement pay under clause (xvi) of this
 266 subparagraph, any pension or annuity income for the taxable year
 267 commencing on or after January 1, 2024, and each taxable year
 268 thereafter, in accordance with the following schedule for married
 269 individuals who file a return under the federal income tax as married
 270 individuals filing jointly whose federal adjusted gross income for such
 271 taxable year is less than one hundred fifty thousand dollars:

	Federal Adjusted Gross Income	Deduction
T12		
T13	Less than \$100,000	100.0%
T14	\$100,000 but not over \$104,999	85.0%
T15	\$105,000 but not over \$109,999	70.0%
T16	\$110,000 but not over \$114,999	55.0%
T17	\$115,000 but not over \$119,999	40.0%
T18	\$120,000 but not over \$124,999	25.0%
T19	\$125,000 but not over \$129,999	10.0%
T20	\$130,000 but not over \$139,999	5.0%
T21	\$140,000 but not over \$149,999	2.5%
T22	\$150,000 and over	0.0%

272 (xxiii) The amount of lost wages and medical, travel and housing
 273 expenses, not to exceed ten thousand dollars in the aggregate, incurred
 274 by a taxpayer during the taxable year in connection with the donation
 275 to another person of an organ for organ transplantation occurring on or
 276 after January 1, 2017;

277 (xxiv) To the extent properly includable in gross income for federal

278 income tax purposes, the amount of any financial assistance received
279 from the Crumbling Foundations Assistance Fund or paid to or on
280 behalf of the owner of a residential building pursuant to sections 8-442
281 and 8-443;

282 (xxv) To the extent properly includable in gross income for federal
283 income tax purposes, the amount calculated pursuant to subsection (b)
284 of section 12-704g for income received by a general partner of a venture
285 capital fund, as defined in 17 CFR 275.203(l)-1, as amended from time to
286 time;

287 (xxvi) To the extent any portion of a deduction under Section 179 of
288 the Internal Revenue Code was added to federal adjusted gross income
289 pursuant to subparagraph (A)(xiv) of this subdivision in computing
290 Connecticut adjusted gross income, twenty-five per cent of such
291 disallowed portion of the deduction in each of the four succeeding
292 taxable years;

293 (xxvii) To the extent properly includable in gross income for federal
294 income tax purposes, for a person who files a return under the federal
295 income tax as an unmarried individual whose federal adjusted gross
296 income for such taxable year is less than seventy-five thousand dollars,
297 or as a married individual filing separately whose federal adjusted gross
298 income for such taxable year is less than seventy-five thousand dollars,
299 or as a head of household whose federal adjusted gross income for such
300 taxable year is less than seventy-five thousand dollars, or for a husband
301 and wife who file a return under the federal income tax as married
302 individuals filing jointly whose federal adjusted gross income for such
303 taxable year is less than one hundred thousand dollars, for the taxable
304 year commencing January 1, 2023, twenty-five per cent of any
305 distribution from an individual retirement account other than a Roth
306 individual retirement account;

307 (xxviii) To the extent properly includable in gross income for federal
308 income tax purposes, for a person who files a return under the federal
309 income tax as an unmarried individual whose federal adjusted gross

310 income for such taxable year is less than one hundred thousand dollars,
 311 or as a married individual filing separately whose federal adjusted gross
 312 income for such taxable year is less than one hundred thousand dollars,
 313 or as a head of household whose federal adjusted gross income for such
 314 taxable year is less than one hundred thousand dollars, (I) for the taxable
 315 year commencing January 1, 2024, fifty per cent of any distribution from
 316 an individual retirement account other than a Roth individual
 317 retirement account, (II) for the taxable year commencing January 1, 2025,
 318 seventy-five per cent of any distribution from an individual retirement
 319 account other than a Roth individual retirement account, and (III) for
 320 the taxable year commencing January 1, 2026, and each taxable year
 321 thereafter, any distribution from an individual retirement account other
 322 than a Roth individual retirement account. The subtraction under this
 323 clause shall be made in accordance with the following schedule:

T23	Federal Adjusted Gross Income	Deduction
T24	Less than \$75,000	100.0%
T25	\$75,000 but not over \$77,499	85.0%
T26	\$77,500 but not over \$79,999	70.0%
T27	\$80,000 but not over \$82,499	55.0%
T28	\$82,500 but not over \$84,999	40.0%
T29	\$85,000 but not over \$87,499	25.0%
T30	\$87,500 but not over \$89,999	10.0%
T31	\$90,000 but not over \$94,999	5.0%
T32	\$95,000 but not over \$99,999	2.5%
T33	\$100,000 and over	0.0%

324 (xxix) To the extent properly includable in gross income for federal
 325 income tax purposes, for married individuals who file a return under
 326 the federal income tax as married individuals filing jointly whose
 327 federal adjusted gross income for such taxable year is less than one
 328 hundred fifty thousand dollars, (I) for the taxable year commencing
 329 January 1, 2024, fifty per cent of any distribution from an individual
 330 retirement account other than a Roth individual retirement account, (II)
 331 for the taxable year commencing January 1, 2025, seventy-five per cent

332 of any distribution from an individual retirement account other than a
 333 Roth individual retirement account, and (III) for the taxable year
 334 commencing January 1, 2026, and each taxable year thereafter, any
 335 distribution from an individual retirement account other than a Roth
 336 individual retirement account. The subtraction under this clause shall
 337 be made in accordance with the following schedule:

T34	Federal Adjusted Gross Income	Deduction
T35	Less than \$100,000	100.0%
T36	\$100,000 but not over \$104,999	85.0%
T37	\$105,000 but not over \$109,999	70.0%
T38	\$110,000 but not over \$114,999	55.0%
T39	\$115,000 but not over \$119,999	40.0%
T40	\$120,000 but not over \$124,999	25.0%
T41	\$125,000 but not over \$129,999	10.0%
T42	\$130,000 but not over \$139,999	5.0%
T43	\$140,000 but not over \$149,999	2.5%
T44	\$150,000 and over	0.0%

338 (xxx) To the extent properly includable in gross income for federal
 339 income tax purposes, for the taxable year commencing January 1, 2022,
 340 the amount or amounts paid or otherwise credited to any eligible
 341 resident of this state under (I) the 2020 Earned Income Tax Credit
 342 enhancement program from funding allocated to the state through the
 343 Coronavirus Relief Fund established under the Coronavirus Aid, Relief,
 344 and Economic Security Act, P.L. 116-136, and (II) the 2021 Earned
 345 Income Tax Credit enhancement program from funding allocated to the
 346 state pursuant to Section 9901 of Subtitle M of Title IX of the American
 347 Rescue Plan Act of 2021, P.L. 117-2;

348 (xxxi) For the taxable year commencing January 1, 2023, and each
 349 taxable year thereafter, for a taxpayer licensed under the provisions of
 350 chapter 420f or 420h, the amount of ordinary and necessary expenses
 351 that would be eligible to be claimed as a deduction for federal income
 352 tax purposes under Section 162(a) of the Internal Revenue Code but that

353 are disallowed under Section 280E of the Internal Revenue Code
354 because marijuana is a controlled substance under the federal
355 Controlled Substance Act;

356 (xxxii) To the extent properly includable in gross income for federal
357 income tax purposes, for the taxable year commencing on or after
358 January 1, 2025, and each taxable year thereafter, any common stock
359 received by the taxpayer during the taxable year under a share plan, as
360 defined in section 12-217ss;

361 (xxxiii) To the extent properly includable in gross income for federal
362 income tax purposes, the amount of any student loan reimbursement
363 payment received by a taxpayer pursuant to section 10a-19m;

364 (xxxiv) Contributions to an ABLE account established pursuant to
365 sections 3-39k to 3-39q, inclusive, not to exceed five thousand dollars for
366 each individual taxpayer or ten thousand dollars for taxpayers filing a
367 joint return;

368 (xxxv) To the extent properly includable in gross income for federal
369 income tax purposes, the amount of any payment received pursuant to
370 subsection (c) of section 3-122a;

371 (xxxvi) For an account holder, as defined in section 12-724b, who files
372 a return under the federal income tax as an unmarried individual, a
373 married individual filing separately or a head of household, whose
374 federal adjusted gross income for the taxable year is less than one
375 hundred twenty-five thousand dollars or who files a return under the
376 federal income tax as married individuals filing jointly whose federal
377 adjusted gross income for the taxable year is less than two hundred fifty
378 thousand dollars:

379 (I) To the extent not deductible in determining federal adjusted gross
380 income, for the taxable year commencing January 1, 2027, an amount
381 equal to the contributions deposited during the taxable years
382 commencing January 1, 2026, and January 1, 2027, in a first-time
383 homebuyer savings account established pursuant to subsection (c) of

384 section 12-724b, less any amounts withdrawn during said taxable years
385 by the account holder from such account under subparagraph (D) of
386 subdivision (2) of subsection (f) of section 12-724b. The amount claimed
387 under this subclause shall not exceed two thousand five hundred
388 dollars for each such taxable year for an unmarried individual, a
389 married individual filing separately or a head of household and five
390 thousand dollars for each such taxable year for married individuals
391 filing jointly;

392 (II) To the extent not deductible in determining federal adjusted gross
393 income, for the taxable year commencing January 1, 2028, and each
394 taxable year thereafter, an amount equal to the contributions deposited
395 during the taxable year in a first-time homebuyer savings account
396 established pursuant to subsection (c) of section 12-724b, less any
397 amounts withdrawn during the taxable year by the account holder from
398 such account pursuant to subparagraph (D) of subdivision (2) of
399 subsection (f) of section 12-724b. The amount allowed to be claimed
400 under this subclause for the taxable year shall not exceed two thousand
401 five hundred dollars for an unmarried individual, a married individual
402 filing separately or a head of household and five thousand dollars for
403 married individuals filing jointly; and

404 (III) To the extent properly includable in gross income for federal
405 income tax purposes, for the taxable year commencing January 1, 2027,
406 and each taxable year thereafter, an amount equal to the sum of all
407 interest accrued on a first-time homebuyer savings account, established
408 pursuant to subsection (c) of section 12-724b, during the taxable year;
409 [and]

410 (xxxvii) To the extent properly includable in gross income for federal
411 income tax purposes, for the taxable year commencing January 1, 2027,
412 and each taxable year thereafter, for an account holder who is a qualified
413 beneficiary of a first-time homebuyer savings account, as those terms
414 are defined in section 12-724b, and who files a return under the federal
415 income tax as an unmarried individual, a married individual filing
416 separately or a head of household, whose federal adjusted gross income

417 for the taxable year is less than one hundred twenty-five thousand
 418 dollars or who files a return under the federal income tax as married
 419 individuals filing jointly whose federal adjusted gross income for the
 420 taxable year is less than two hundred fifty thousand dollars, an amount
 421 equal to any withdrawal from such account that is used to pay or
 422 reimburse such qualified beneficiary for eligible costs, as defined in
 423 section 12-724b, incurred by the qualified beneficiary; and

424 (xxxviii) For taxable years commencing on or after January 1, 2025, to
 425 the extent deductible pursuant to P.L. 119-21 for federal income tax
 426 purposes, the amount of qualified overtime compensation and qualified
 427 tip income."

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	12-701(a)(20)(B)