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## OLR Bill Analysis

### sHB 5444

#### ***AN ACT CONCERNING THE INDEXING OF CERTAIN PERSONAL INCOME TAX THRESHOLDS AND EXEMPTION AMOUNTS.***

#### **SUMMARY**

This bill requires state income tax brackets to be annually adjusted for inflation and rounded to the next dollar, starting with the 2028 tax year. The table below shows the current tax rates and brackets by filing status. Under the bill, the tax brackets must be adjusted each year by the increase in the chained consumer price index for all urban consumers during the preceding year, calculated on an August over August basis using U.S. Bureau of Labor Statistics data.

**Table: State Income Tax Rates and Brackets**

Tax Rate	Connecticut Taxable Income (\$)		
	Single and Married Filing Separately	Heads of Household	Married Filing Jointly
2%	0 to 10,000	0 to 16,000	0 to 20,000
4.5%	10,001 to 50,000	16,001 to 80,000	20,001 to 100,000
5.5%	50,001 to 100,000	80,001 to 160,000	100,001 to 200,000
6%	100,001 to 200,000	160,001 to 320,000	200,001 to 400,000
6.5%	200,001 to 250,000	320,001 to 400,000	400,001 to 500,000
6.9%	250,001 to 500,000	400,001 to 800,000	500,001 to 1,000,000
6.99%	> 500,000	> 800,000	> 1,000,000

The bill also requires state income tax personal exemption amounts and income thresholds to be adjusted for inflation in this way, starting with the 2028 tax year. The next table shows the current personal exemption amounts by filing status and the income thresholds above which the exemption starts phasing out. As under current law, the bill requires the inflation-adjusted exemption amounts to be reduced by \$1,000 for each \$1,000 of adjusted gross income (AGI) over the specified threshold.

**Table: Personal Exemptions**

<b>Filing Status</b>	<b>Maximum Personal Exemption (\$)</b>	<b>Maximum Exemption Threshold (\$) CT AGI ≤</b>
Single	15,000	30,000
Married Filing Separately	12,000	24,000
Head of Household	19,000	38,000
Married Filing Jointly	24,000	48,000

EFFECTIVE DATE: October 1, 2026

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 53 Nay 0 (03/31/2026)