Senate

General Assembly

File No. 704

February Session, 2026

Substitute Senate Bill No. 84

Senate, April 20, 2026

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING ADJUSTMENTS TO STATE REVENUE.

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

Section 1. Subsection (b) of section 12-217 of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) (1) For purposes of determining net income under this section, the deduction allowed for depreciation shall be determined as provided under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, provided in making such determination, the provisions of Section 168(k) of said code and, for income years commencing on or after January 1, 2026, the provisions of Section 168(n) of said code, shall not apply.

(2) (A) For purposes of determining net income under this section for taxable years ending after December 31, 2008, and to the extent any

income from the discharge of indebtedness, under Section 108 of the Internal Revenue Code, as amended by Section 1231 of the American Recovery and Reinvestment Act of 2009, in connection with any reacquisition, after December 31, 2008, and **[**before**]** prior to January 1, 2011, of an applicable debt instrument or instruments, as those terms are defined in said Section 108, as amended by said Section 1231, is not properly includable in gross income for federal income tax purposes for the taxable year, any deferral of the recognition of any such income shall not be allowed.

(B) To the extent that any income from the discharge of indebtedness in connection with any reacquisition, after December 31, 2008, and **[**before**]** prior to 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, is properly includable in gross income for federal income tax purposes for the taxable year, any such income shall be deductible in computing net income under this section for a taxable year ending after December 31, 2008, to the extent that the deferral of recognition of such income from such discharge was not allowed pursuant to subparagraph (A) of this subdivision in computing net income for a preceding taxable year.

(C) For income years commencing on or after January 1, 2018, eighty per cent of any deduction claimed under Section 179 of the Internal Revenue Code for federal income tax purposes shall be disallowed. To the extent such a deduction is disallowed for purposes of computing the tax under this chapter, twenty-five per cent of the disallowed portion of the deduction shall be allowed as a deduction in each of the four succeeding income years.

(D) For purposes of determining net income under this section:

(i) For income years commencing on or after January 1, 2022, the deduction under Section 70302(f) of P.L. 119-21 is disallowed;

(ii) For income years commencing on or after January 1, 2025, and

prior to January 1, 2026, the deduction under Section 174A of the Internal Revenue Code is disallowed; and

(iii) For income years commencing on or after January 1, 2022, and prior to January 1, 2026, any research or experimental expenditures paid or incurred for said income years shall be deducted as permitted under Section 174 of the Internal Revenue Code, as in effect on July 3, 2025.

Sec. 2. (*Effective from passage*) (a) The provisions of section 12-242d of the general statutes shall not apply to any additional tax due as a result of (1) the changes made to subdivision (1) of subsection (b) of section 12-217 of the general statutes pursuant to section 1 of this act, for income years commencing on or after January 1, 2026, but prior to the effective date of section 1 of this act, or (2) the enactment of subparagraph (D) of subdivision (2) of subsection (b) of section 12-217 of the general statutes pursuant to section 1 of this act, for income years commencing on or after January 1, 2022, but prior to January 1, 2026.

(b) Notwithstanding the provisions of sections 12-3a and 12-229 of the general statutes, the Commissioner of Revenue Services shall waive any penalty or interest imposed on the portion of any underpayment for an income year commencing on or after January 1, 2022, but prior to January 1, 2026, that results from any additional tax due as a result of the enactment of subparagraph (D) of subdivision (2) of subsection (b) of section 12-217 of the general statutes pursuant to section 1 of this act. The waiver under this subsection shall not apply to such additional tax that remains underpaid after the later of (1) November 15, 2026, or (2) the due date, without regard to any extension of time to file, of the return on which such additional tax is reported. Taxpayers shall submit information, in a form and manner prescribed by the commissioner, that evidences their eligibility for a waiver under this subsection.

Sec. 3. (NEW) (*Effective from passage and applicable to taxable years commencing on or after January 1, 2026*) (a) For purposes of this section:

(1) "Research and development expenses" means research or experimental expenditures deductible under Section 174 of the Internal

Revenue Code of 1986, as in effect on May 28, 1993, determined without regard to Section 280C(c) of said code or to any elections made by a taxpayer to amortize such expenditures that were otherwise deductible on its federal income tax return; and basic research payments, as defined in Section 41 of said code; that (A) are paid or incurred for such research and experimentation and basic research conducted in the state, and (B) are not funded by a grant, contract or governmental entity or a person other than the taxpayer;

(2) "Commissioner" means the Commissioner of Economic and Community Development;

(3) "Qualified small business" means a partnership or an S corporation, as both terms are defined in section 12-699 of the general statutes, that (A) has gross income for the previous taxable year that does not exceed seventy million dollars, and (B) has not, in the determination of the commissioner, exceeded such gross income threshold through transactions with a related person, as defined in section 12-217w of the general statutes; and

(4) "Biotechnology business" means a qualified small business engaged in the business of applying technologies, such as recombinant DNA techniques, biochemistry, molecular and cellular biology, genetics and genetic engineering, biological cell fusion techniques, and new bioprocesses, using living organisms, or parts of organisms, to produce or modify products, to improve plants or animals, to develop microorganisms for specific uses, to identify targets for small molecule pharmaceutical development, or to transform biological systems into useful processes and products.

(b) (1) The Department of Economic and Community Development shall administer a system of tax credit vouchers, within available appropriations, to allow qualified small businesses to earn and utilize credits for research and development expenses.

(2) For taxable years commencing on or after January 1, 2026, there shall be allowed a credit for qualified small businesses against the tax

imposed under chapter 229 of the general statutes, other than the liability imposed by section 12-707 of the general statutes. Such credit shall be equal to six per cent of the research and development expenses paid or incurred by a qualified small business for a taxable year and shall only be allowed to the extent a qualified small business has applied for and received a tax credit voucher pursuant to this section.

(c) (1) Any qualified small business may apply to the commissioner, in a form and manner and at a time prescribed by the commissioner, to reserve an allocation for a credit based on the amount of research and development expenses such business intends to pay or incur for a taxable year. The application shall contain such information as the commissioner deems necessary to administer the provisions of this section.

(2) If the commissioner determines that such business is likely to pay or incur research and development expenses for a taxable year, the commissioner may issue a notice to such business, reserving a credit under this section based on the amount the business intends to pay or incur. In determining whether to issue such a notice, the commissioner shall prioritize qualified small businesses that, in the commissioner's opinion, exhibit a likelihood for growth in the state or will best contribute to the economic ecosystem of the state.

(3) No qualified small business may reserve more than one million five hundred thousand dollars of credits under this section for any taxable year. The aggregate amount of credits that may be reserved under this section shall not exceed twenty-five million dollars for any taxable year.

(d) (1) Not later than ninety days after the end of a taxable year, any qualified small business that received a notice under subsection (c) of this section shall submit verification, in a form and manner prescribed by the commissioner, of the research and development expenses actually paid or incurred by such business for such taxable year. If the commissioner determines, after reviewing such verification, that the qualified small business paid or incurred such expenses for the taxable

year, the commissioner shall issue a tax credit voucher to such business in an amount equal to six per cent of such expenses, provided such amount shall not exceed the amount reserved for such business under subsection (c) of this section.

(2) The commissioner shall notify the Commissioner of Revenue Services and the Secretary of the Office of Policy and Management of each tax credit voucher issued under subdivision (1) of this subsection.

(e) If the qualified small business is an S corporation or an entity treated as a partnership for federal income tax purposes, the credit may be claimed by the shareholders or partners of such business. If the qualified small business is a single member liability company that is disregarded as an entity separate from its owner, the credit may be claimed by such business's owner, provided such owner is subject to the tax imposed under chapter 229 of the general statutes.

(f) To the extent the credit exceeds a taxpayer's liability under chapter 229 of the general statutes, the taxpayer may apply to the Commissioner of Revenue Services to exchange the credit, at the same time the taxpayer files the return upon which such credit is claimed, for a credit refund equal to ninety per cent of the excess if the credit was earned by a biotechnology business and sixty-five per cent of the excess if the credit was earned by a qualified small business other than a biotechnology business.

(g) The credit allowed under this section shall be claimed before any other credit allowable against the tax imposed under chapter 229 of the general statutes.

(h) The commissioner may adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to carry out the provisions of this section.

Sec. 4. Subsection (a) of section 4-30a of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) (A) For the fiscal years commencing on or after July 1, 2017, and ending on or before June 30, 2024, all revenue in excess of three billion one hundred fifty million dollars received by the state each fiscal year from estimated and final payments of the personal income tax imposed under chapter 229 and the affected business entity tax imposed under section 12-699 shall be transferred by the Treasurer to a special fund to be known as the Budget Reserve Fund. On and after July 1, 2018, the threshold amount shall be adjusted annually by the compound annual growth rate of personal income in the state over the preceding five calendar years, using data reported by the United States Bureau of Economic Analysis.

(B) For the fiscal year ending June 30, 2025, the threshold amount prescribed by subparagraph (A) of this subdivision shall be four billion seventy-nine million three hundred thousand dollars.

(C) For the fiscal year ending June 30, 2026, the threshold amount prescribed by subparagraph (A) of this subdivision shall be **[**four billion seven hundred twenty-eight million six hundred thousand**]** five billion three hundred seventy-eight million six hundred thousand dollars.

(D) For the fiscal year ending June 30, 2027, the threshold amount prescribed by subparagraph (A) of this subdivision shall be five billion nine million one hundred thousand dollars. On and after July 1, **[**2026**]** 2027, the threshold amount shall be adjusted annually by the compound annual growth rate of personal income in the state over the preceding five calendar years, using data reported by the United States Bureau of Economic Analysis.

(2) The General Assembly may amend the threshold amount determined under subdivision (1) of this subsection, by vote of at least three-fifths of the members of each house of the General Assembly, due to changes in state or federal tax law or policy or significant adjustments to economic growth or tax collections.

Sec. 5. Section 42 of public act 25-168 is repealed and the following is substituted in lieu thereof (*Effective from passage*):

Not later than June 30, 2026, the Comptroller shall transfer two hundred **[**forty-four**]** fourteen million dollars of the resources of the General Fund for the fiscal year ending June 30, 2026, to be accounted for as revenue of the General Fund for the fiscal year ending June 30, 2027.

Sec. 6. Section 43 of public act 25-168 is repealed and the following is substituted in lieu thereof (*Effective from passage*):

The following amounts shall be transferred from the resources of the General Fund to the Municipal Revenue Sharing Fund: (1) For the fiscal year ending June 30, 2026, **[**one hundred one million**]** eighty-seven million nine hundred thousand dollars, and (2) for the fiscal year ending June 30, 2027, **[**ninety million**]** sixty-eight million six hundred thousand dollars.

Sec. 7. Section 472 of public act 25-168, as amended by section 203 of public act 25-174, is repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

The Secretary of the Office of Policy and Management shall grant additional municipal aid, from Other Expenses, as follows: **[**(1)**]** To the city of New Haven, $500,000 for the fiscal year ending June 30, 2026. **[**; and (2) to the towns of Ledyard and Montville, $800,000 to each town for the fiscal year ending June 30, 2027.**]**

Sec. 8. (*Effective July 1, 2026*) Notwithstanding the provisions of section 25 of public act 25-168, as amended by this act, for the fiscal year ending June 30, 2027, the grants paid to the towns of Ledyard and Montville from the moneys available in the Mashantucket Pequot and Mohegan Fund established pursuant to section 3-55i of the general statutes shall be as follows: To the town of Ledyard, $2,191,000; and to the town of Montville, $2,246,162.

Sec. 9. Subsections (a) to (c), inclusive, of section 20-432 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

(a) The commissioner shall establish and maintain the Home Improvement Guaranty Fund.

(b) Each salesman who receives a certificate pursuant to this chapter shall pay a fee of forty dollars annually. Each contractor (1) who receives a certificate pursuant to this chapter, or (2) receives a certificate pursuant to chapter 399a and has opted to engage in home improvement pursuant to subsection (f) of section 20-417b shall pay a fee of one hundred dollars annually to the guaranty fund. Such fee shall be payable with the fee for an application for a certificate or renewal thereof. The annual fee for a contractor who receives a certificate of registration as a home improvement contractor acting solely as the contractor of record for a corporation shall be waived, provided the contractor of record shall use such registration for the sole purpose of directing, supervising or performing home improvements for such corporation.

(c) Payments received under subsection (b) of this section shall be credited to the guaranty fund until the balance in such fund equals **[**seven hundred fifty thousand**]** one million dollars. Annually, if the balance in the fund exceeds **[**seven hundred fifty thousand dollars**]** said amount, the first four hundred thousand dollars of the excess shall be deposited into the consumer protection enforcement account established in section 21a-8a. Any excess thereafter shall be deposited in the General Fund. Any money in the guaranty fund may be invested or reinvested in the same manner as funds of the state employees retirement system, and the interest arising from such investments shall be credited to the guaranty fund.

Sec. 10. Section 20-12j of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) As used in this section:

(1) "Contact hour" means a minimum of fifty minutes of continuing education and activities; and

(2) "Registration period" means the one-year period for which a

license has been renewed in accordance with section 19a-88, as amended by this act, and is current and valid.

(b) Each person holding a license as a physician assistant shall, annually, during the month of such person's birth, renew such license with the Department of Public Health **[**, upon payment of a fee of one hundred fifty-five dollars,**]** on a form to be provided by the department for such purpose, giving such person's name in full, such person's residence and business address and such other information as the department requests. No such license shall be renewed unless the department is satisfied that the practitioner (1) has met the mandatory continuing medical education requirements of the National Commission on Certification of Physician Assistants or a successor organization for the certification or recertification of physician assistants that may be approved by the department; (2) has passed any examination or continued competency assessment the passage of which may be required by said commission for maintenance of current certification by said commission; (3) has completed not less than one contact hour of training or education in prescribing controlled substances and pain management in the preceding two-year period; and (4) for registration periods beginning on and after January 1, 2022, during the first renewal period and not less than once every six years thereafter, earn not less than two contact hours of training or education screening for post-traumatic stress disorder, risk of suicide, depression and grief and suicide prevention training administered by the American Academy of Physician Associates, or the American Academy of Physician Associates' successor organization, a hospital or other licensed health care institution or a regionally accredited institution of higher education.

(c) Each physician assistant applying for license renewal pursuant to section 19a-88, as amended by this act, shall sign a statement attesting that he or she has satisfied the continuing education requirements of subsection (b) of this section on a form prescribed by the Department of Public Health. Each licensee shall retain records of attendance or certificates of completion that demonstrate compliance with the

continuing education requirements of subsection (b) of this section for a minimum of three years following the year in which the continuing education was completed and shall submit such records or certificates to the department for inspection not later than forty-five days after a request by the department for such records or certificates.

(d) No fee shall be required for the renewal of a license under this section.

Sec. 11. Section 20-86g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

Any person who held a current valid license as a midwife on June 30, 1983, shall be entitled to renew such license annually **[**, upon payment of a fee of fifteen dollars,**]** in accordance with the provisions of section 19a-88, as amended by this act.

Sec. 12. Subsection (a) of section 20-206*ll* of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) The commissioner shall issue a license as a paramedic to any applicant who furnishes evidence satisfactory to the commissioner that the applicant has met the requirements of section 20-206mm, as amended by this act. The commissioner shall develop and provide application forms. The license may be renewed annually pursuant to section 19a-88, as amended by this act. **[**for a fee of one hundred fifty-five dollars.**]** No fee shall be required for the application for a license or for the renewal of such license under this section.

Sec. 13. Subsection (c) of section 20-206mm of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(c) Any person who is certified as an emergency medical technician-paramedic by the Department of Public Health on October 1, 1997, shall be deemed a licensed paramedic. Any person so deemed shall renew his license pursuant to section 19a-88, as amended by this act. **[**for a fee of

one hundred fifty-five dollars.**]** No fee shall be required for the renewal of such license.

Sec. 14. Section 20-74h of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) Licenses for occupational therapists and occupational therapy assistants issued under this chapter shall be subject to renewal once every two years and shall expire unless renewed in the manner prescribed by regulation. **[**upon the payment of two times the professional services fee payable to the State Treasurer for class B as defined in section 33-182*l*, plus five dollars.**]** The department shall notify any person or entity that fails to comply with the provisions of this section that the person's or entity's license shall become void ninety days after the time for its renewal unless it is so renewed. Any such license shall become void upon the expiration of such ninety-day period. No fee shall be required for the renewal of a license under this section.

(b) The commissioner shall establish additional requirements for licensure renewal which provide evidence of continued competency, which, on and after January 1, 2022, shall include not less than two hours of training or education, offered or approved by the Connecticut Occupational Therapy Association, a hospital or other licensed health care institution or a regionally accredited institution of higher education, on (1) screening for post-traumatic stress disorder, risk of suicide, depression and grief, and (2) suicide prevention training during the first renewal period and not less than once every six years thereafter. The requirement described in subdivision (2) of this **[**section**]** subsection may be satisfied by the completion of the evidence-based youth suicide prevention training program administered pursuant to section 17a-52a.

(c) The holder of an expired license may apply for and obtain a valid license only upon compliance with all relevant requirements for issuance of a new license. A suspended license is subject to expiration and may be renewed as provided in this section, but such renewal shall not entitle the licensee, while the license remains suspended and until it is reinstated, to engage in the licensed activity, or in any other conduct

or activity in violation of the order or judgment by which the license was suspended. **[**If a license revoked on disciplinary grounds is reinstated, the licensee, as a condition of reinstatement, shall pay the renewal fee.**]**

Sec. 15. Subsections (a) to (c), inclusive, of section 19a-88 of the 2026 supplement to the general statutes are repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) Each person holding a license to practice dentistry, optometry, midwifery or dental hygiene shall, annually, during the month of such person's birth, register with the Department of Public Health, upon payment of: (1) The professional services fee for class I, as defined in section 33-182*l*, plus ten dollars, in the case of a dentist, except as provided in sections 19a-88b and 20-113b; (2) the professional services fee for class H, as defined in section 33-182*l*, plus five dollars, in the case of an optometrist; (3) twenty dollars in the case of a midwife; and (4) **[**one hundred five dollars**]** in the case of a dental hygienist, no fee shall be due. Such registration shall be on blanks to be furnished by the department for such purpose, giving such person's name in full, such person's residence and business address and such other information as the department requests. Each person holding a license to practice dentistry who has retired from the profession may renew such license, but the fee shall be ten per cent of the professional services fee for class I, as defined in section 33-182*l*, or ninety-five dollars, whichever is greater. Any license provided by the department at a reduced fee pursuant to this subsection shall indicate that the dentist is retired.

(b) Each person holding a license to practice medicine, surgery, podiatry, chiropractic or naturopathy shall, annually, during the month of such person's birth, register with the Department of Public Health, upon payment of the professional services fee for class I, as defined in section 33-182*l*, plus five dollars. Each person holding a license to practice medicine or surgery shall pay five dollars in addition to such professional services fee. Such registration shall be on blanks to be furnished by the department for such purpose, giving such person's name in full, such person's residence and business address and such

other information as the department requests. On and after January 1, 2026, each person holding a license to practice medicine who has retired from the profession may renew such license. The fee for such license renewal shall be ten per cent of the professional services fee for class I, as determined in accordance with section 33-182*l*, or ninety-five dollars, whichever is greater. Any such license provided by the department at a reduced fee pursuant to this subsection shall indicate that the practitioner is retired.

(c) (1) Each person holding a license to practice as a registered nurse, shall, annually, during the month of such person's birth, register with the Department of Public Health **[**, upon payment of one hundred ten dollars,**]** on blanks to be furnished by the department for such purpose, giving such person's name in full, such person's residence and business address and such other information as the department requests. Each person holding a license to practice as a registered nurse who has retired from the profession may renew such license **[**, but the fee shall be ten per cent of the professional services fee for class B, as defined in section 33-182*l*, plus five dollars. Any license provided by the department at a reduced fee**]** but any such license shall indicate that the registered nurse is retired.

(2) Each person holding a license as an advanced practice registered nurse shall, annually, during the month of such person's birth, register with the Department of Public Health **[**, upon payment of one hundred thirty dollars,**]** on blanks to be furnished by the department for such purpose, giving such person's name in full, such person's residence and business address and such other information as the department requests. No such license shall be renewed unless the department is satisfied that the person maintains current certification as either a nurse practitioner, a clinical nurse specialist or a nurse anesthetist from one of the following national certifying bodies which certify nurses in advanced practice: The American Nurses' Association, the Nurses' Association of the American College of Obstetricians and Gynecologists Certification Corporation, the National Board of Pediatric Nurse Practitioners and Associates or the American Association of Nurse

Anesthetists. Each person holding a license to practice as an advanced practice registered nurse who has retired from the profession may renew such license **[**, but the fee shall be ten per cent of the professional services fee for class C, as defined in section 33-182*l*, plus five dollars. Any license provided by the department at a reduced fee**]** but any such license shall indicate that the advanced practice registered nurse is retired.

(3) Each person holding a license as a licensed practical nurse shall, annually, during the month of such person's birth, register with the Department of Public Health **[**, upon payment of seventy dollars,**]** on blanks to be furnished by the department for such purpose, giving such person's name in full, such person's residence and business address and such other information as the department requests. Each person holding a license to practice as a licensed practical nurse who has retired from the profession may renew such license **[**, but the fee shall be ten per cent of the professional services fee for class A, as defined in section 33-182*l*, plus five dollars. Any license provided by the department at a reduced fee**]** but any such license shall indicate that the licensed practical nurse is retired.

(4) Each person holding a license as a nurse-midwife shall, annually, during the month of such person's birth, register with the Department of Public Health **[**, upon payment of one hundred thirty dollars,**]** on blanks to be furnished by the department for such purpose, giving such person's name in full, such person's residence and business address and such other information as the department requests. No such license shall be renewed unless the department is satisfied that the person maintains current certification from the Accreditation Midwifery Certification Board.

(5) (A) Each person holding a license to practice physical therapy shall, annually, during the month of such person's birth, register with the Department of Public Health **[**, upon payment of the professional services fee for class B, as defined in section 33-182*l*, plus five dollars,**]** on blanks to be furnished by the department for such purpose, giving

such person's name in full, such person's residence and business address and such other information as the department requests.

(B) Each person holding a physical therapist assistant license shall, annually, during the month of such person's birth, register with the Department of Public Health **[**, upon payment of the professional services fee for class A, as defined in section 33-182*l*, plus five dollars,**]** on blanks to be furnished by the department for such purpose, giving such person's name in full, such person's residence and business address and such other information as the department requests.

Sec. 16. Section 19a-12d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) On or before the last day of January, April, July and October in each year, the Commissioner of Public Health shall certify the amount of revenue received as a result of any fee increase in the amount of five dollars (1) that took effect October 1, 2015, pursuant to sections 19a-88, as amended by this act, 19a-515, 20-65k, 20-74bb, 20-74h, as amended by this act, 20-74s, 20-149, 20-162o, 20-162bb, 20-191a, 20-195c, as amended by this act, 20-195o, as amended by this act, 20-195cc, as amended by this act, 20-201, 20-206b, 20-206n, 20-206r, 20-206bb, 20-206*ll*, as amended by this act, 20-222a, 20-275, 20-395d, 20-398 and 20-412, (2) that took effect October 1, 2021, pursuant to section 20-185k, and (3) that took effect July 1, 2021, pursuant to section 20-12j, as amended by this act, and transfer such amount to the professional assistance program account established in section 19a-12c.

(b) On and after October 1, 2025, until **[**January 1, 2028**]** October 1, 2026, in addition to the transfers made pursuant to subsection (a) of this section, the commissioner shall transfer an additional two dollars from each license renewed pursuant to subdivision (1) or (3) of subsection (c) of section 19a-88, as amended by this act, to the professional assistance program account established pursuant to section 19a-12c. Transfers made pursuant to this subsection shall occur at the same times and frequency as the transfers made pursuant to subsection (a) of this section.

Sec. 17. Section 20-195c of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) Each applicant for licensure as a marital and family therapist shall present to the department satisfactory evidence that such applicant has: (1) Completed a graduate degree program specializing in marital and family therapy offered by a regionally accredited college or university or an accredited postgraduate clinical training program accredited by the Commission on Accreditation for Marriage and Family Therapy Education offered by a regionally accredited institution of higher education; (2) completed a supervised practicum or internship with emphasis in marital and family therapy supervised by the program granting the requisite degree or by an accredited postgraduate clinical training program accredited by the Commission on Accreditation for Marriage and Family Therapy Education and offered by a regionally accredited institution of higher education; (3) completed twenty-four months of relevant postgraduate experience, including (A) a minimum of one thousand hours of direct client contact offering marital and family therapy services subsequent to being awarded a master's degree or doctorate or subsequent to the training year specified in subdivision (2) of this subsection, and (B) one hundred hours of postgraduate clinical supervision provided by a licensed marital and family therapist; and (4) passed an examination prescribed by the department.

(b) Each applicant for licensure as a marital and family therapist associate shall present to the department satisfactory evidence that such applicant has completed a graduate degree program specializing in marital and family therapy offered by a regionally accredited institution of higher education or an accredited postgraduate clinical training program accredited by the Commission on Accreditation for Marriage and Family Therapy Education and offered by a regionally accredited institution of higher education.

(c) The department may grant licensure without examination to any applicant who is currently licensed or certified as (1) a marital or

marriage and family therapist in another state, territory or commonwealth of the United States, or (2) a marital and family therapist associate in another state, territory or commonwealth of the United States, provided the state, territory or commonwealth where such marital and family therapist associate is currently licensed or certified maintains licensure or certification standards which, in the opinion of the department, are equivalent to or higher than the standards of this state. No license shall be issued under this section to any applicant against whom professional disciplinary action is pending or who is the subject of an unresolved complaint.

(d) (1) A license issued to a marital and family therapist issued under this section may be renewed annually in accordance with the provisions of section 19a-88, as amended by this act. **[**The fee for such renewal shall be two hundred dollars.**]** Each licensed marital and family therapist applying for license renewal shall furnish evidence satisfactory to the commissioner of having participated in continuing education programs. The commissioner shall adopt regulations, in accordance with chapter 54, to (A) define basic requirements for continuing education programs, which shall include not less than one contact hour of training or education each registration period on the topic of cultural competency and, on and after January 1, 2016, not less than two contact hours of training or education during the first renewal period in which continuing education is required and not less than once every six years thereafter on the topic of mental health conditions common to veterans and family members of veterans, including (i) determining whether a patient is a veteran or family member of a veteran, (ii) screening for conditions such as post-traumatic stress disorder, risk of suicide, depression and grief, and (iii) suicide prevention training, (B) delineate qualifying programs, (C) establish a system of control and reporting, and (D) provide for waiver of the continuing education requirement for good cause.

(2) A license issued to a marital and family therapist associate (A) prior to July 1, 2023, shall expire on or before twenty-four months after the date on which such license was issued, and (B) on or after July 1,

2023, shall expire on or before twelve months after the date on which such license was issued. Such license may be renewed not more than two times if issued prior to July 1, 2023, and not more than three times if issued on or after July 1, 2023, for twelve months in accordance with the provisions of section 19a-88, as amended by this act. **[**The fee for such renewal shall be one hundred twenty-five dollars.**]** Each licensed marital and family therapist associate applying for license renewal shall furnish evidence satisfactory to the commissioner of having satisfied the continuing education requirements prescribed in subdivision (1) of this subsection.

(e) No fee shall be required for an application for licensure under subsection (a) or (b) of this section or for the renewal of a license under subsection (d) of this section.

(f) Notwithstanding the provisions of this section, a person who is a graduate of a graduate degree program or a postgraduate clinical training program described in subsection (b) of this section may practice marital and family therapy for a period not greater than one hundred twenty calendar days after the date such person completed such program, provided such person works under the clinical supervision of a licensed marital family therapist.

Sec. 18. Section 20-195o of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) Application for licensure shall be on forms prescribed and furnished by the commissioner. Each applicant shall furnish evidence satisfactory to the commissioner that he or she has met the requirements of section 20-195n.

(b) (1) Notwithstanding the provisions of section 20-195n concerning examinations, on or before October 1, 2015, the commissioner may issue a license without examination, to any master social worker applicant who demonstrates to the satisfaction of the commissioner that, on or before October 1, 2013, he or she held a master's degree from a social

work program accredited by the Council on Social Work Education or, if educated outside the United States or its territories, completed an educational program deemed equivalent by the council.

(2) Notwithstanding the provisions of section 20-195n concerning examinations, the commissioner shall waive the requirement to pass the masters level examination of the Association of Social Work Boards or any other examination prescribed by the commissioner, as described in subsection (b) of section 20-195n until January 1, 2026, at which time such requirement shall be reinstituted. Not later than July 1, 2025, the commissioner shall notify institutions of higher education offering social work programs about the reinstitution of the examination for all persons graduating after January 1, 2026.

(c) Each person licensed pursuant to this chapter may apply for renewal of such licensure in accordance with the provisions of subsection (e) of section 19a-88. **[**A fee of two hundred dollars shall accompany each renewal application for a licensed clinical social worker and a fee of one hundred twenty-five dollars shall accompany each renewal application for a licensed master social worker.**]** Each such applicant shall furnish evidence satisfactory to the commissioner of having satisfied the continuing education requirements prescribed in section 20-195u.

(d) No fee shall be required for an application for licensure under subsection (a) of this section or for the renewal of a license under subsection (c) of this section.

(e) (1) An individual who has been convicted of any criminal offense may request, in writing, at any time, that the commissioner determine whether such individual's criminal conviction disqualifies the individual from obtaining a license issued or conferred by the commissioner pursuant to this chapter based on (A) the nature of the conviction and its relationship to the individual's ability to safely or competently perform the duties or responsibilities associated with such license, (B) information pertaining to the degree of rehabilitation of the individual, and (C) the time elapsed since the conviction or release of

the individual.

(2) An individual making such request shall include (A) details of the individual's criminal conviction, and (B) any payment required by the commissioner. The commissioner may charge a fee of not more than fifteen dollars for each request made under this subsection. The commissioner may waive such fee.

(3) Not later than thirty days after receiving a request under this subsection, the commissioner shall inform the individual making such request whether, based on the criminal record information provided, such individual is disqualified from receiving or holding a license issued or conferred pursuant to this chapter.

(4) The commissioner is not bound by a determination made under this subsection, if, upon further investigation, the commissioner determines that an individual's criminal conviction differs from the information presented in the determination request.

Sec. 19. Section 20-195cc of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) The Commissioner of Public Health shall grant a license (1) as a professional counselor to any applicant who furnishes evidence satisfactory to the commissioner that such applicant has met the requirements of section 20-195dd, and (2) as a professional counselor associate to any applicant who furnishes evidence satisfactory to the commissioner that such applicant has met the requirements of section 20-195dd. The commissioner shall develop and provide application forms.

(b) Licenses issued to professional counselors and professional counselor associates under this section may be renewed annually pursuant to section 19a-88, as amended by this act. **[**The fee for such renewal shall be two hundred dollars for a professional counselor and one hundred twenty-five dollars for a professional counselor associate.**]**

Each licensed professional counselor and professional counselor associate applying for license renewal shall furnish evidence satisfactory to the commissioner of having participated in continuing education programs. The commissioner shall adopt regulations, in accordance with chapter 54, to (1) define basic requirements for continuing education programs that shall include (A) not less than one contact hour of training or education each registration period on the topic of cultural competency, (B) on and after January 1, 2016, not less than two contact hours of training or education during the first renewal period in which continuing education is required and not less than once every six years thereafter on the topic of mental health conditions common to veterans and family members of veterans, including (i) determining whether a patient is a veteran or family member of a veteran, (ii) screening for conditions such as post-traumatic stress disorder, risk of suicide, depression and grief, and (iii) suicide prevention training, and (C) on and after January 1, 2018, not less than three contact hours of training or education each registration period on the topic of professional ethics, (2) delineate qualifying programs, (3) establish a system of control and reporting, and (4) provide for a waiver of the continuing education requirement for good cause.

(c) (1) Any individual who has been convicted of any criminal offense may request, at any time, that the commissioner determine whether such individual's criminal conviction disqualifies the individual from obtaining a license issued or conferred by the commissioner pursuant to this chapter based on (A) the nature of the conviction and its relationship to the individual's ability to safely or competently perform the duties or responsibilities associated with such license, (B) information pertaining to the degree of rehabilitation of the individual, and (C) the time elapsed since the conviction or release of the individual.

(2) An individual making such request shall include (A) details of the individual's criminal conviction, and (B) any payment required by the commissioner. The commissioner may charge a fee of not more than fifteen dollars for each request made under this subsection. The commissioner may waive such fee.

(3) Not later than thirty days after receiving a request under this subsection, the commissioner shall inform the individual making such request whether, based on the criminal record information submitted, such individual is disqualified from receiving or holding a license issued or conferred pursuant to this chapter.

(4) The commissioner is not bound by a determination made under this section, if, upon further investigation, the commissioner determines that the individual's criminal conviction differs from the information presented in the determination request.

(d) Notwithstanding the provisions of this section, a person who is a graduate of a course of study described in subdivision (1) or (2) of subsection (b) of section 20-195dd may practice professional counseling for a period not greater than one hundred twenty calendar days after the date such person completed such course of study, provided such person works under professional supervision.

(e) No fee shall be required for an application for licensure under subsection (a) of this section or for the renewal of a license under subsection (b) of this section.

Sec. 20. Section 20-333 of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) (1) To obtain a license under this chapter, an applicant shall have attained such applicant's eighteenth birthday and shall furnish such evidence of competency as the appropriate board or the Commissioner of Consumer Protection shall require. A recommendation for review issued pursuant to section 31-22u shall be sufficient to demonstrate such competency. The applicant shall satisfy such board or the commissioner that such applicant possesses a diploma or other evidence of graduation from the eighth grade of grammar school, or possesses an equivalent education to be determined on examination and has the requisite skill to perform the work in the trade for which such applicant is applying for a license and can comply with all other requirements of this chapter

and the regulations adopted under this chapter. A recommendation for review issued pursuant to section 31-22u shall be sufficient to demonstrate that an applicant possesses such requisite skill and can comply with all other requirements of this chapter and the regulations adopted under this chapter. For any application submitted pursuant to this section that requires a hearing or other action by the applicable examining board or the commissioner, such hearing or other action by the applicable examining board or the commissioner shall occur not later than thirty days after the date of submission for such application.

[Upon**]** (2) Except as provided in subdivision (3) of this subsection, upon application for any such license, the applicant shall pay to the department a nonrefundable application fee **[**of ninety dollars for a license under subdivisions (2) and (3) of subsection (a) and subdivision (4) of subsection (e) of section 20-334a, or a nonrefundable application fee of one hundred fifty dollars for a license under subdivision (1) of subsection (a), subdivisions (1) and (2) of subsection (b), subdivision (1) of subsection (c) and subdivisions (1), (2) and (3) of subsection (e) of section 20-334a.**]** as follows:

(A) For an unlimited contractor's or a limited contractor's license under subdivision (1) of subsection (a) of section 20-334a, as amended by this act, one hundred fifty dollars; and

(B) For an unlimited journeyman's or a limited journeyman's license or an apprentice's permit under subdivisions (2) and (3) of subsection (a) of section 20-334a, as amended by this act, ninety dollars.

(3) No application fee shall be required for the following licenses:

(A) Unlimited electrical contractor or unlimited electrical journeyman;

(B) Limited electrical contractor or limited electrical journeyman;

(C) Limited solar electric contractor or limited solar electric journeyman;

(D) Unlimited heating, piping and cooling contractor or unlimited heating, piping and cooling journeyman;

(E) Limited heating, piping and cooling contractor or limited heating, piping and cooling journeyman;

(F) Heating, piping and cooling operating stationary engineer;

(G) Unlimited plumbing and piping contractor or unlimited plumbing and piping journeyman;

(H) Limited plumbing and piping contractor or limited plumbing and piping journeyman; or

(I) Limited sheet metal work contractor or limited sheet metal work journeyman.

(4) Any **[**such**]** application fee required under this section shall be waived for persons who present a recommendation for review issued pursuant to section 31-22u.

(b) (1) The department shall conduct such written, oral and practical examinations as the appropriate board, with the consent of the commissioner, deems necessary to test the knowledge of the applicant in the work for which a license is being sought. The department shall allow any applicant, who has not participated in a registered apprenticeship program, as set forth in section 31-22r, but either presents a recommendation for review issued pursuant to section 31-22u or demonstrates to the department, in consultation with the applicable board, equivalent experience and training, to sit for any such examination.

(2) Any person completing the required apprentice training program for a journeyman's license under section 20-334a, as amended by this act, shall, not later than thirty days after completing such program, apply for a licensure examination given by the department or a person authorized by the department to give such examination. If an applicant does not pass such licensure examination, the commissioner shall

provide each failed applicant with information on how to retake the examination and a report describing the applicant's strengths and weaknesses in such examination. Any apprentice permit issued under section 20-334a, as amended by this act, to an applicant who fails three licensure examinations in any one-year period shall remain in effect if such applicant applies for and takes the first licensure examination given by the department following the one-year period beginning on the date of such applicant's third and last unsuccessful licensure examination. Otherwise, such permit shall be revoked as of the date of the first examination given by the department following expiration of such one-year period. Upon application to the department for an initial license under the provisions of this chapter, an applicant shall submit evidence of successful completion of the applicant's final licensure examination, which successful completion shall occur not more than two years prior to the date of the relevant licensure application, unless the appropriate board grants a hardship extension of such two-year period.

(c) The Commissioner of Consumer Protection, subject to section 46a-80, may deny a license or may issue a license pursuant to a consent order containing conditions that shall be met by the applicant if the applicant reports that he or she has been found guilty or convicted as a result of an act which constitutes a felony under (1) the laws of this state at the time of application for such license, (2) federal law at the time of application for such license, or (3) the laws of another jurisdiction, and which, if committed within this state, would constitute a felony under the laws of this state.

(d) When an applicant has qualified for a license, the department shall, upon receipt of the license fee, if applicable, or upon waiver of such fee pursuant to section 20-335, as amended by this act, issue to such applicant a license entitling such applicant to engage in the work or occupation for which a license was sought and shall register each successful applicant's name and address in the roster of licensed persons authorized to engage in the work or occupation within the appropriate board's authority. All fees and other moneys collected by the

department shall be promptly transmitted to the State Treasurer as provided in section 4-32.

Sec. 21. Section 20-334a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) Except as otherwise provided in this section, the following licenses may be issued by the Department of Consumer Protection, with the advice and assistance of the boards, under the provisions of section 20-333, as amended by this act:

(1) (A) An unlimited contractor's license may be issued to a person who has served as a journeyman in the trade for which such person seeks a license for not less than two years and, if such service as a journeyman was outside this state, has furnished evidence satisfactory to the appropriate state board or the department that such service is comparable to similar service in this state, or has furnished satisfactory evidence of education and experience and has passed an examination which has demonstrated that such person is competent in all aspects of such trade to be an unlimited contractor. (B) A limited contractor's license may be issued to a person who fulfills the requirements of subparagraph (A) of this subdivision as to a specific area or areas within the trade for which such person seeks a license. (C) The holder of an unlimited or a limited contractor's license may, within the trade, or the area or areas of the trade, for which such holder has been licensed, furnish supplies and do layout, installation, repair and maintenance work and distribute and handle materials, provided nothing in this subdivision shall be construed to authorize the performance of any action for which licensure is required under the provisions of chapter 390 or 391. Such licensee shall furnish the board or the department with evidence that such licensee will comply with all state requirements pertaining to workers' compensation and unemployment insurance and that such evidence shall be available to any properly interested person prior to the issuance of a license under this subdivision.

(2) (A) An unlimited journeyman's license may be issued to any person who has completed a bona fide apprenticeship program,

including not less than four years' experience in the trade for which such person seeks a license, and has demonstrated such person's competency to perform all services included in the trade for which a license is sought by successfully completing the applicable state licensure examination. (B) A limited journeyman's license may be issued to a person who fulfills the requirements of subparagraph (A) of this subdivision in a specific area or areas of the trade for which such person seeks a license, provided the length of experience required may be less than four years for such area or areas of the trade.

(3) An apprentice's permit may be issued for the performance of work in a trade licensed under the provisions of this chapter, for the purpose of training, which work may be performed only under the supervision of a licensed contractor or journeyman.

(4) An apprentice permit shall expire upon the failure of the apprentice holding such permit to apply for the first licensure examination given by the department following completion of an apprentice training program as provided in subdivision (2) of this subsection.

(b) The following licenses for solar thermal work may be issued by the department, with the advice and assistance of the examining board for heating, piping, cooling and sheet metal work, under the provisions of section 20-333, as amended by this act, including an examination on solar work:

(1) A solar thermal contractor's license may be issued to any person who (A) not later than July 1, 1984, (i) has been issued a P-1, P-3, S-1, S-3, S-5, S-7, D-1 or D-3 license under subdivision (1) of subsection (a) of this section or installs at least six fully operational solar hot water heating systems, and (ii) qualifies for a solar thermal contractor's license under section 20-333, as amended by this act, or (B) has served as a solar thermal journeyman for not less than two years.

(2) A solar thermal journeyman's license may be issued to any person who (A) not later than July 1, 1984, (i) is issued a P-2, P-4, S-2, S-4, S-6,

S-8, D-2 or D-4 license under subdivision (2) of subsection (a) of this section, and (ii) qualifies for a solar thermal journeyman's license under section 20-333, as amended by this act, (B) after July 1, 1984, is issued a P-2, P-4, S-2, S-4, S-6, S-8, D-2 or D-4 license under subdivision (2) of subsection (a) of this section and whose bona fide apprenticeship program includes instruction in solar thermal work, or (C) after July 1, 1984, completes a bona fide solar thermal work apprenticeship program and has not less than two years' experience in solar thermal work. A solar thermal journeyman may work only under the supervision of a licensed solar thermal contractor.

(3) A solar thermal apprentice's permit may be issued for the performance of solar thermal work for the purpose of training. Such work may be performed only under the supervision of a licensed solar thermal contractor or journeyman.

(c) The following licenses for fire protection sprinkler systems work may be issued by the department:

(1) A fire protection sprinkler contractor's license may be issued to a person who provides satisfactory evidence of education and experience in fire protection sprinkler systems work, as defined in subdivision (9) of section 20-330, and who has passed an examination which has demonstrated competence in all aspects of such trade. Applicants for such license shall complete a form provided by the commissioner; and

(2) **[**a**]** A journeyman sprinkler fitter's license may be issued to a person who has completed a bona fide apprenticeship program pursuant to section 20-334c, and who has not less than four **[**years**]** years' experience in fire protection sprinkler systems work, as defined in subdivision (9) of section 20-330, or who has been licensed under this section, and has passed an examination which has demonstrated competence in all aspects of such trade. Applicants for such license shall complete a form provided by the department.

(d) The following licenses for irrigation work may be issued by the department upon authorization of the examining board for plumbing

and piping work under the provisions of section 20-333, as amended by this act: (1) An irrigation contractor's license, and (2) an irrigation journeyman's license.

(e) The following licenses for sheet metal work may be issued by the department upon authorization of the examining board for heating, piping, cooling and sheet metal work, under the provisions of section 20-333, as amended by this act, in addition to any licenses or permits issued for such work under subsection (a) of this section:

[(1) Prior to January 1, 2002, a limited contractor's license for large commercial sheet metal work may be issued to any person who has worked as a sheet metal contractor or successfully worked in such trade in the capacity of a journeyman sheet metal worker for not less than two years.

(2) On or after January 1, 2002, a**]** (1) A limited contractor's license for large commercial sheet metal work may be issued to any person who has (A) served as a journeyman in the trade for which such person seeks a license for not less than two years, and (B) if such service as a journeyman was outside this state, furnished evidence satisfactory to the examining board for heating, piping, cooling and sheet metal work that such service is comparable to similar service in this state.

[(3) Prior to January 1, 2002, a limited journeyman's license for large commercial sheet metal work may be issued to any person who has (A) successfully completed a bona fide apprenticeship program, including not less than four years of experience in the trade for which such person seeks a license, or (B) demonstrated such person's competency to perform such work by furnishing proof of continuous employment in such trade for not less than eight thousand hours within the previous five years, subject to the approval of the examining board for heating, piping, cooling and sheet metal work.

(4) On or after January 1, 2002, a**]** (2) A limited journeyman's license for large commercial sheet metal work may be issued to any person who has (A) successfully completed a bona fide apprenticeship program,

including not less than four years of experience in the trade for which such person seeks a license, and (B) demonstrated such person's competency to perform all services included in the trade for which a license is sought by successfully completing the applicable state licensure examination.

(f) On and after January 1, 2002, the following licenses for automotive glass work and flat glass work may be issued by the department upon authorization of the examining board for automotive glass work and flat glass work, under the provisions of section 20-333, as amended by this act:

(1) **[**On and after January 1, 2002, but before January 1, 2003, an unlimited contractor's license for automotive glass work or flat glass work may be issued to any person who has served as a journeyman in the trade for which such person seeks a license for not less than three years. On and after January 1, 2002, an**]** An unlimited contractor's license for automotive glass work or flat glass work may be issued to any person who (A) has served as a journeyman in the trade for which such person seeks a license for not less than three years and, if such service as a journeyman was outside this state, has furnished evidence satisfactory to the examining board for automotive glass work and flat glass work that such service is comparable to similar service in this state, and (B) has furnished satisfactory evidence of education and experience and has passed an examination which has demonstrated that such person is competent in all aspects of such trade to be an unlimited contractor for automotive glass work or flat glass work.

(2) **[**On and after January 1, 2002, but before January 1, 2003, an unlimited journeyman's license for automotive glass work or flat glass work may be issued to any person who has served in the trade for which such person seeks a license for not less than two years. On and after January 1, 2002, an**]** An unlimited journeyman's license for automotive glass work or flat glass work may be issued to any person who has successfully completed a bona fide apprenticeship program as required by the examining board for automotive glass work and flat glass work,

and has demonstrated such person's competency to perform all services included in the trade for which a license is sought by successfully completing the applicable state licensure examination.

(g) **[**On or after July 1, 2003, a**]** A medical gas and vacuum systems certificate for medical gas and vacuum systems work may be issued by the department, upon the authorization of the Plumbing and Piping Work Board or the Heating, Piping and Cooling Work Board, as appropriate, to any person who (1) has been issued a P-1, P-2, S-1, S-2, S-3 or S-4 license under subdivision (1) of subsection (a) of this section, (2) has been certified as a medical gas and vacuum system brazer issued in accordance with the standards of Section IX entitled "Welding and Brazing Qualifications" of the American Society of Mechanical Engineers Boiler and Pressure Vessel Code, and (3) has been certified as having completed an approved training course on medical gas and vacuum system installation as required by American National Standards Institute-American Society of Sanitary Engineering Series 6000. No person shall perform medical gas and vacuum systems work unless such person has obtained a certificate pursuant to this subsection. Such certificate shall be renewed consistent with the renewal process for the prerequisite licenses. The fee for such certificate shall be fifty dollars.

(h) A limited sheet metal power industry license may be issued to any person upon authorization of the examining board for heating, piping, cooling and sheet metal work, subject to the provisions of section 20-333, as amended by this act. Prior to taking the licensure examination, an applicant shall successfully complete an education and training program established and approved by the Labor Department with the advice of the Connecticut State Apprenticeship Council. The holder of such license may only install, erect, replace, repair or alter breeching exhaust and inlet air systems at electric generation facilities, including, but not limited to, cogeneration plants, bio-mass facilities, blast furnaces, combined cycle facilities, fossil fuel, gas and hydro power facilities, incinerators and nuclear power facilities. The holder of such license may only perform such work while in the employ of a contractor licensed to perform such sheet metal work under this chapter.

(i) The Electrical Work Board shall authorize any person to install, service and repair residential security systems limited to twenty-five volts and five amperes in one to three-family residential dwellings, provided the person is in the employ of an electrical contractor holding an E-1 unlimited contractor license or an L-5 contractor license issued pursuant to subdivision (1) of subsection (a) of this section and the person has successfully completed an apprenticeship and training program established and approved by the Labor Department with the advice of the Connecticut State Apprenticeship Council. Any person authorized to work under this subsection shall not perform telecommunications electrical work, as defined in section 20-340b, with the exception of work involving interface wiring from a residential security system to an existing telephone connection for monitoring purposes. Any person who is authorized to work under this subsection shall, no later than fifteen months after being issued **[**said**]** such authorization, secure an L-6 limited electrical journeyperson's license pursuant to subdivision (2) of subsection (a) of this section.

Sec. 22. Section 20-334e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

Any person who has been issued an L-5 or L-6 license pursuant to subdivision (1) of subsection (a) of section 20-334a, as amended by this act, shall be eligible to take the licensure examination for a C-5 or C-6 license issued pursuant to subdivision (1) of subsection (a) of section 20-334a, as amended by this act, provided such person submits a complete license application **[**and a nonrefundable application fee pursuant to section 20-333**]** and provides satisfactory evidence of experience in the field of telecommunications work to the Electrical Work Board.

Sec. 23. Section 20-335 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

[Any**]** (a) (1) Except as provided under subdivision (2) of this subsection, any person who has successfully completed an examination for such person's initial license under this chapter shall pay to the Department of Consumer Protection a fee of one hundred fifty dollars

for a contractor's license or a fee of one hundred twenty dollars for any other such license. Any such initial license fee shall be waived for persons who present a recommendation for review issued pursuant to section 31-22u.

(2) No fee shall be required for the issuance of an initial license under this section for a person exempt from paying the application fee pursuant to subdivision (3) of subsection (a) of section 20-333, as amended by this act.

(b) (1) All such licenses shall expire annually. No person shall carry on or engage in the work or occupations subject to this chapter after the expiration of such person's license until such person has filed an application bearing the date of such person's registration card with the appropriate board. Such application shall be in writing, addressed to the secretary of the board from which such renewal is sought and signed by the person applying for such renewal. A licensee applying for renewal shall, at such times as the commissioner shall by regulation prescribe, furnish evidence satisfactory to the board that the licensee has completed any continuing professional education required under sections 20-330 to 20-341, inclusive, or any regulations adopted thereunder.

(2) The board may renew such license if the application for such renewal is received by the board no later than one month after the date of expiration of such license. **[**, upon**]** Except as provided in subdivision (3) of this subsection, the licensee shall make payment to the department of a renewal fee of one hundred fifty dollars in the case of a contractor and of one hundred twenty dollars for any other such license. For any completed renewal application submitted pursuant to this section that requires a hearing or other action by the applicable examining board, such hearing or other action by the applicable examining board shall occur not later than thirty days after the date of submission for such completed renewal application. **[**The**]**

(3) No fee shall be required for the renewal of a license under this section for a person exempt from paying the application fee pursuant to

subdivision (3) of subsection (a) of section 20-333, as amended by this act.

(4) If applicable, the department shall issue a receipt stating the fact of **[**such**]** the payment made under subdivision (2) of this subsection, which receipt shall be a license to engage in such work or occupation. A licensee who has failed to renew such licensee's license for a period of over two years from the date of expiration of such license shall have it reinstated only upon complying with the requirements of section 20-333, as amended by this act. All license fees and renewal fees paid to the department pursuant to this section shall be deposited in the General Fund.

Sec. 24. Subsection (g) of section 20-331 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(g) The Automotive Glass Work and Flat Glass Work Board shall consist of eight members who shall be residents of this state, one of whom shall be a general contractor or an unlimited contractor licensed to perform automotive glass work under this chapter, one of whom shall be a general contractor or an unlimited contractor licensed to perform flat glass work under this chapter, one of whom shall be an unlimited contractor licensed to perform automotive glass work under this chapter, one of whom shall be an unlimited contractor licensed to perform flat glass work under this chapter, one of whom shall be an unlimited journeyman licensed to perform flat glass work under this chapter and three of whom shall be public members. The initial members appointed under this subsection need not be licensed to perform such work under this chapter before January 1, 2001, provided such initial members shall satisfy the applicable criteria set forth in subsection **[**(e)**]** (f) of section 20-334a of the general statutes, revision of 1958, revised to January 1, 2001. On and after January 1, 2001, each member appointed under this subsection shall be licensed as provided in this subsection.

Sec. 25. Subsection (l) of section 10-145b of the 2026 supplement to the

general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(l) **[**Upon application to the State Board of Education for the issuance of any certificate in accordance with this section and section 10-145d, there shall be paid to the board by or on behalf of the applicant two hundred fifty dollars in the case of an applicant for a provisional educator certificate and three hundred seventy-five dollars in the case of an applicant for a professional educator certificate, except that applicants for certificates for teaching adult education programs mandated under subparagraph (A) of subsection (a) of section 10-69 shall pay a fee of one hundred dollars; persons eligible for a certificate or endorsement for which the fee is less than that applied for shall receive an appropriate refund; persons not eligible for any certificate shall receive a refund of the application fee minus fifty dollars; and persons holding standard or permanent certificates on July 1, 1989, who apply for professional certificates to replace the standard or permanent certificates, shall not be required to pay such a fee. Upon application to the State Board of Education for the issuance of a subject area endorsement there shall be paid to the board by or on behalf of such applicant a nonreturnable fee of one hundred dollars.**]** No fee shall be required for an application to the State Board of Education **[**in the case of an initial educator certificate**]** for the issuance of a certificate, a temporary certificate or a subject area endorsement under this section. With each request for a duplicate copy of any such certificate or endorsement there shall be paid to the board a nonreturnable fee of fifty dollars.

Sec. 26. Section 12-330*ll* of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026, and applicable to sales occurring on or after October 1, 2026*):

(a) As used in this section and sections 12-330mm and 12-330nn:

(1) "Cannabis" has the same meaning as provided in section 21a-420;

[(2) "Cannabis concentrate" has the same meaning as provided in

section 21a-420;

(3) "Cannabis edible product" means a product containing cannabis or cannabis concentrate, combined with other ingredients, that is intended for use or consumption through ingestion, including sublingual or oral absorption;

(4) "Cannabis plant material" has the same meaning as provided in section 21a-279a;**]**

[(5)**]** (2) "Cannabis retailer" means "retailer", as defined in section 21a-420;

[(6)**]** (3) "Consumer" has the same meaning as provided in section 21a-420;

[(7)**]** (4) "Cultivator" has the same meaning as provided in section 21a-420;

[(8)**]** (5) "Delivery service" has the same meaning as provided in section 21a-420;

[(9)**]** (6) "Dispensary facility" has the same meaning as provided in section 21a-420;

[(10)**]** (7) "Food and beverage manufacturer" has the same meaning as provided in section 21a-420;

[(11)**]** (8) "Hybrid retailer" has the same meaning as provided in section 21a-420;

[(12)**]** (9) "Micro-cultivator" has the same meaning as provided in section 21a-420;

[(13)**]** (10) "Municipality" has the same meaning as provided in section 21a-420;

[(14)**]** (11) "Palliative use" has the same meaning as provided in section 21a-408;

[(15)**]** (12) "Producer" has the same meaning as provided in section 21a-420;

[(16)**]** (13) "Product manufacturer" has the same meaning as provided in section 21a-420;

[(17)**]** (14) "Product packager" has the same meaning as provided in section 21a-420; and

[(18) "Social Equity Council" has the same meaning as provided in section 21a-420;

(19) "Total THC" has the same meaning as provided in section 21a-240; and**]**

[(20)**]** (15) "Transporter" has the same meaning as provided in section 21a-420.

(b) (1) For the privilege of making any sales of cannabis in this state, a tax is hereby imposed on each cannabis retailer, hybrid retailer or micro-cultivator at the **[**following rates:**]** rate of ten and seventy-five-hundredths per cent of the gross receipts from the sale of cannabis.

[(A) Cannabis plant material, at the rate of six hundred twenty-five-thousandths of one cent per milligram of total THC, as reflected on the product label;

(B) Cannabis edible products, at the rate of two and seventy-five-hundredths cents per milligram of total THC, as reflected on the product label; and

(C) Cannabis, other than cannabis plant material or cannabis edible products, at the rate of nine-tenths of one cent per milligram of total THC, as reflected on the product label.**]**

(2) The tax under this section:

(A) Shall be collected from the consumer, except as provided under subparagraphs (B) and (D) of this subdivision, by the cannabis retailer,

hybrid retailer or micro-cultivator at the time of sale and such tax reimbursement, termed "tax" in this section, shall be paid by the consumer to the cannabis retailer, hybrid retailer or micro-cultivator. Each cannabis retailer, hybrid retailer or micro-cultivator shall collect from the consumer the full amount of the tax imposed by this section or an amount equal to the average equivalent thereof to the nearest amount practicable. Such tax shall be a debt from the consumer to the cannabis retailer, hybrid retailer or micro-cultivator, when so added to the original sales price, and shall be recoverable at law in the same manner as other debts except as provided in section 12-432a; **[**.**]**

(B) Shall not apply to the sale of cannabis for palliative use;

(C) Shall not apply to the transfer of cannabis to a transporter for transport to any other cultivator, micro-cultivator, food and beverage manufacturer, product manufacturer, product packager, dispensary facility, cannabis retailer, hybrid retailer or producer;

(D) Shall not apply to the sale of cannabis by a delivery service to a consumer;

(E) Shall be in addition to the taxes imposed under section 12-330mm and chapter 219; and

(F) When so collected, shall be deemed to be a special fund in trust for the state until remitted to the state.

(c) On or before the last day of each month in which a cannabis retailer, hybrid retailer or micro-cultivator may legally sell cannabis other than cannabis for palliative use, each such cannabis retailer, hybrid retailer or micro-cultivator shall file a return with the Department of Revenue Services. Such return shall be in such form and contain such information as the Commissioner of Revenue Services prescribes as necessary for administration of the tax under this section and shall be accompanied by a payment of the amount of the tax shown to be due thereon. Each cannabis retailer, hybrid retailer and micro-cultivator shall file such return electronically with the department and

make such payment by electronic funds transfer in the manner provided by chapter 228g, to the extent possible.

(d) If any cannabis retailer, hybrid retailer or micro-cultivator fails to pay the amount of tax reported due on its return within the time specified under this section, there shall be imposed a penalty equal to twenty-five per cent of such amount due and unpaid, or two hundred fifty dollars, whichever is greater. Such amount shall bear interest at the rate of one per cent per month or fraction thereof, from the due date of such tax until the date of payment. Subject to the provisions of section 12-3a, the commissioner may waive all or part of the penalties provided under this section when it is proven to the commissioner's satisfaction that the failure to pay any tax was due to reasonable cause and was not intentional or due to neglect. Any penalty that is waived shall be applied as a credit against tax liabilities owed by the cannabis retailer, hybrid retailer or micro-cultivator.

(e) Each person, other than a cannabis retailer, hybrid retailer or micro-cultivator, who is required, on behalf of such cannabis retailer, hybrid retailer or micro-cultivator, to collect, truthfully account for and pay over a tax imposed on such cannabis retailer, hybrid retailer or micro-cultivator under this section and who wilfully fails to collect, truthfully account for and pay over such tax or who wilfully attempts in any manner to evade or defeat the tax or the payment thereof, shall, in addition to other penalties provided by law, be liable for a penalty equal to the total amount of the tax evaded, or not collected, or not accounted for and paid over, including any penalty or interest attributable to such wilful failure to collect or truthfully account for and pay over such tax or such wilful attempt to evade or defeat such tax, provided such penalty shall only be imposed against such person in the event that such tax, penalty or interest cannot otherwise be collected from such cannabis retailer, hybrid retailer or micro-cultivator. The amount of such penalty with respect to which a person may be personally liable under this section shall be collected in accordance with the provisions of section 12-555a and any amount so collected shall be allowed as a credit against the amount of such tax, penalty or interest due and owing from the

cannabis retailer, hybrid retailer or micro-cultivator. The dissolution of the cannabis retailer, hybrid retailer or micro-cultivator shall not discharge any person in relation to any personal liability under this section for wilful failure to collect or truthfully account for and pay over such tax or for a wilful attempt to evade or defeat such tax prior to dissolution, except as otherwise provided in this section. For purposes of this section, "person" includes any individual, corporation, limited liability company or partnership and any officer or employee of any corporation, including a dissolved corporation, and a member of or employee of any partnership or limited liability company who, as such officer, employee or member, is under a duty to file a tax return under this section on behalf of a cannabis retailer, hybrid retailer or micro-cultivator or to collect or truthfully account for and pay over a tax imposed under this section on behalf of such cannabis retailer, hybrid retailer or micro-cultivator.

(f) The provisions of sections 12-548, 12-551 to 12-554, inclusive, and 12-555a shall apply to the provisions of this section in the same manner and with the same force and effect as if the language of said sections had been incorporated in full into this section and had expressly referred to the tax under this section, except to the extent that any provision is inconsistent with a provision in this section.

(g) The commissioner shall not issue a refund of any tax paid by a cannabis retailer, hybrid retailer or micro-cultivator under this section.

(h) The commissioner may adopt regulations, in accordance with the provisions of chapter 54, to implement the provisions of this section and sections 12-330mm and 12-330nn. Notwithstanding the provisions of sections 4-168 to 4-172, inclusive, prior to adopting any such regulations, the commissioner shall issue policies and procedures, which shall have the force and effect of law, to implement the **[**taxes**]** tax imposed under this section and sections 12-330mm and 12-330nn. At least fifteen days prior to the effective date of any policy or procedure issued pursuant to this subsection, the commissioner shall post such policy or procedure on the department's Internet web site and submit such policy or

procedure to the Secretary of the State for posting on the eRegulations System. Any such policy or procedure shall no longer be effective upon the adoption of such policy or procedure as a final regulation in accordance with the provisions of chapter 54 or forty-eight months of July 1, 2021, whichever is earlier.

(i) The tax received by the state under this section shall be deposited as follows:

(1) For the fiscal years ending June 30, 2022, and June 30, 2023, in the cannabis regulatory and investment account established under section 21a-420f of the general statutes, revision of 1958, revised to January 1, 2025;

(2) For the fiscal years ending June 30, 2024, and June 30, 2025, sixty per cent of such tax received in the Cannabis Social Equity and Innovation Fund established under section 21a-420f of the general statutes, revision of 1958, revised to January 1, 2025, twenty-five per cent of such tax received in the Cannabis Prevention and Recovery Services Fund established under section 21a-420f of the general statutes, revision of 1958, revised to January 1, 2025, and fifteen per cent in the General Fund;

(3) For the fiscal year ending June 30, 2026, sixty per cent of such tax received in the social equity and innovation account established under section 21a-420f, twenty-five per cent of such tax received in the Cannabis Prevention and Recovery Services Fund established under section 21a-420f and fifteen per cent in the General Fund;

(4) For the fiscal years ending June 30, 2027, and June 30, 2028, **[**sixty-five**]** seventy per cent of such tax received in the social equity and innovation account established under section 21a-420f, twenty-five per cent of such tax received in the Cannabis Prevention and Recovery Services Fund established under section 21a-420f and **[**ten**]** five per cent in the General Fund; and

(5) For the fiscal year ending June 30, 2029, and each fiscal year

thereafter, seventy-five per cent of such tax received in the social equity and innovation account established under section 21a-420f and twenty-five per cent of such tax received in the Cannabis Prevention and Recovery Services Fund established under section 21a-420f.

Sec. 27. (NEW) (*Effective January 1, 2027, and applicable to income and taxable years commencing on or after January 1, 2027*) (a) As used in this section, "federal pay price", "milk producer" and "minimum sustainable monthly cost of production" have the same meanings as provided in section 22-265b of the general statutes.

(b) Each milk producer shall be allowed a credit against the tax imposed under chapter 208 or 229 of the general statutes, other than the liability imposed by section 12-707 of the general statutes, in an amount equal to, for each month of the income or taxable year the federal pay price is below the minimum sustainable monthly cost of production, (1) the dollar amount the federal pay price was below the minimum sustainable monthly cost of production, (2) multiplied by the amount of milk produced by such milk producer for such month. Each milk producer shall file with the Commissioner of Agriculture, in a form and manner prescribed by the commissioner, such information the commissioner requires to substantiate the amount of milk produced by such milk producer.

(c) (1) Any milk producer subject to the tax imposed under chapter 208 or 229 of the general statutes may apply to the Commissioner of Agriculture, in a form and manner prescribed by the commissioner, to reserve an allocation for a credit under this section. The application shall contain such information as the commissioner deems necessary to administer the provisions of this section. The aggregate amount of credits reserved under this section shall not exceed eight million dollars in any calendar year.

(2) Upon verification by the commissioner that the conditions set forth in subsection (b) of this section have been satisfied and the amount of milk produced by a milk producer has been substantiated, the commissioner shall issue a voucher to the milk producer in the amount

calculated pursuant to subsection (b) of this section. The taxpayer shall file the voucher with the taxpayer's state tax return for the applicable income or taxable year.

(d) If the taxpayer is an S corporation or an entity treated as a partnership for federal income tax purposes, the credit may be claimed by the taxpayer's shareholders or partners. If the taxpayer is a single member limited liability company that is disregarded as an entity separate from its owner, the credit may be claimed by such limited liability company's owner, provided such owner is subject to the tax imposed under chapter 208 or 229 of the general statutes.

(e) If the amount of the credit allowed pursuant to this section exceeds the taxpayer's liability for the tax imposed under chapter 208 or 229 of the general statutes, the Commissioner of Revenue Services shall treat such excess as an overpayment and, except as provided in section 12-739 or 12-742 of the general statutes, shall refund the amount of such excess, without interest, to such taxpayer.

Sec. 28. Subdivision (1) of section 12-408 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026, and applicable to sales occurring on or after October 1, 2026*):

(1) (A) For the privilege of making any sales, as defined in subdivision (2) of subsection (a) of section 12-407, at retail, in this state for a consideration, a tax is hereby imposed on all retailers at the rate of six and thirty-five-hundredths per cent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail or from the rendering of any services constituting a sale in accordance with subdivision (2) of subsection (a) of section 12-407, except, in lieu of said rate, the rates provided in subparagraphs (B) to (I), inclusive, of this subdivision;

(B) (i) At a rate of fifteen per cent with respect to each transfer of occupancy, from the total amount of rent received by a hotel or lodging house for the first period not exceeding thirty consecutive calendar days;

(ii) At a rate of eleven per cent with respect to each transfer of occupancy, from the total amount of rent received by a bed and breakfast establishment for the first period not exceeding thirty consecutive calendar days;

(C) With respect to the sale of a motor vehicle to any individual who is a member of the armed forces of the United States and is on full-time active duty in Connecticut and who is considered, under 50 **[**App**]** USC App 574, a resident of another state, or to any such individual and the spouse thereof, at a rate of four and one-half per cent of the gross receipts of any retailer from such sales, provided such retailer requires and maintains a declaration by such individual, prescribed as to form by the commissioner and bearing notice to the effect that false statements made in such declaration are punishable, or other evidence, satisfactory to the commissioner, concerning the purchaser's state of residence under 50 **[**App**]** USC App 574;

(D) (i) With respect to the sales of computer and data processing services occurring on or after July 1, 2001, at the rate of one per cent, and (ii) with respect to sales of Internet access services, on and after July 1, 2001, such services shall be exempt from such tax;

(E) (i) With respect to the sales of labor that is otherwise taxable under subparagraph (C) or (G) of subdivision (2) of subsection (a) of section 12-407 on existing vessels and repair or maintenance services on vessels occurring on and after July 1, 1999, such services shall be exempt from such tax;

(ii) With respect to the sale of a vessel, a motor for a vessel or a trailer used for transporting a vessel, at the rate of two and ninety-nine-hundredths per cent, except that the sale of a vessel shall be exempt from such tax if such vessel is docked in this state for sixty or fewer days in a calendar year;

(iii) With respect to the sale of dyed diesel fuel, as defined in subsection (d) of section 12-487, sold by a marine fuel dock exclusively for marine purposes, at the rate of two and ninety-nine-hundredths per

cent;

(F) With respect to patient care services for which payment is received by the hospital on or after July 1, 1999, and prior to July 1, 2001, at the rate of five and three-fourths per cent and on and after July 1, 2001, such services shall be exempt from such tax;

(G) (i) With respect to the rental or leasing of a passenger motor vehicle for a period of thirty consecutive calendar days or less, at a rate of nine and thirty-five-hundredths per cent;

(ii) With respect to peer-to-peer car sharing, as defined in section 13b-127, for a period of thirty consecutive calendar days or less, at a rate of nine and thirty-five-hundredths per cent;

(H) With respect to the sale of (i) a motor vehicle for a sales price exceeding **[**fifty**]** seventy-five thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price, (ii) jewelry, whether real or imitation, for a sales price exceeding five thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price, and (iii) an article of clothing or footwear intended to be worn on or about the human body, a handbag, luggage, umbrella, wallet or watch for a sales price exceeding one thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price. For purposes of this subparagraph, "motor vehicle" has the meaning provided in section 14-1, but does not include a motor vehicle subject to the provisions of subparagraph (C) of this subdivision, a motor vehicle having a gross vehicle weight rating over twelve thousand five hundred pounds, or a motor vehicle having a gross vehicle weight rating of twelve thousand five hundred pounds or less that is not used for private passenger purposes, but is designed or used to transport merchandise, freight or persons in connection with any business enterprise and issued a commercial registration or more specific type of registration by the Department of Motor Vehicles;

(I) With respect to the sale of meals, as defined in subdivision (13) of section 12-412, sold by an eating establishment, caterer or grocery store;

and spirituous, malt or vinous liquors, soft drinks, sodas or beverages such as are ordinarily dispensed at bars and soda fountains, or in connection therewith; in addition to the tax imposed under subparagraph (A) of this subdivision, at the rate of one per cent;

(J) The rate of tax imposed by this chapter shall be applicable to all retail sales upon the effective date of such rate, except that a new rate that represents an increase in the rate applicable to the sale shall not apply to any sales transaction wherein a binding sales contract without an escalator clause has been entered into prior to the effective date of the new rate and delivery is made within ninety days after the effective date of the new rate. For the purposes of payment of the tax imposed under this section, any retailer of services taxable under subdivision (37) of subsection (a) of section 12-407, who computes taxable income, for purposes of taxation under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, on an accounting basis that recognizes only cash or other valuable consideration actually received as income and who is liable for such tax only due to the rendering of such services may make payments related to such tax for the period during which such income is received, without penalty or interest, without regard to when such service is rendered;

(K) (i) For calendar quarters ending on or after September 30, 2019, the commissioner shall deposit into the regional planning incentive account, established pursuant to section 4-66k, six and seven-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (B) of this subdivision and ten and seven-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (G)(i) of this subdivision;

(ii) For calendar quarters ending on or after September 30, 2018, the commissioner shall deposit into the Tourism Fund established under section 10-395b ten per cent of the amounts received by the state from the tax imposed under subparagraph (B) of this subdivision;

(L) (i) For calendar months commencing on or after July 1, 2021, but

prior to July 1, 2023, the commissioner shall deposit into the municipal revenue sharing account established pursuant to section 4-66*l* seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision, including such amounts received on or after July 1, 2023, attributable to the fiscal year ending June 30, 2023; and

(ii) For calendar months commencing on or after July 1, 2023, the commissioner shall deposit into the Municipal Revenue Sharing Fund established pursuant to section 4-66p seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision; **[**and**]**

(M) (i) For calendar months commencing on or after July 1, 2017, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision;

(ii) For calendar months commencing on or after July 1, 2018, but prior to July 1, 2019, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 eight per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the sale of a motor vehicle;

(iii) For calendar months commencing on or after July 1, 2019, but prior to July 1, 2020, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 seventeen per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the sale of a motor vehicle;

(iv) For calendar months commencing on or after July 1, 2020, but prior to July 1, 2021, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 twenty-five per cent of the amounts received by the state from the tax imposed under

subparagraphs (A) and (H) of this subdivision on the sale of a motor vehicle;

(v) For calendar months commencing on or after July 1, 2021, but prior to July 1, 2022, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 seventy-five per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the sale of a motor vehicle; and

(vi) For calendar months commencing on or after July 1, 2022, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 one hundred per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the sale of a motor vehicle;

(N) For calendar quarters ending on or after December 31, 2026, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 one hundred per cent of the amounts received by the state from the tax imposed under subparagraph (G)(ii) of this subdivision; and

(O) For calendar months commencing on or after October 1, 2026, the commissioner shall deposit into the Tourism Fund established under section 10-395b fifty per cent of the amounts received by the state from the tax imposed under subparagraph (I) of this subdivision.

Sec. 29. Subdivision (1) of section 12-411 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026, and applicable to sales occurring on or after October 1, 2026*):

(1) (A) An excise tax is hereby imposed on the storage, acceptance, consumption or any other use in this state of tangible personal property purchased from any retailer for storage, acceptance, consumption or any other use in this state, the acceptance or receipt of any services constituting a sale in accordance with subdivision (2) of subsection (a) of section 12-407, purchased from any retailer for consumption or use in

this state, or the storage, acceptance, consumption or any other use in this state of tangible personal property which has been manufactured, fabricated, assembled or processed from materials by a person, either within or without this state, for storage, acceptance, consumption or any other use by such person in this state, to be measured by the sales price of materials, at the rate of six and thirty-five-hundredths per cent of the sales price of such property or services, except, in lieu of said rate:

(B) (i) At a rate of fifteen per cent of the rent paid to a hotel or lodging house for the first period not exceeding thirty consecutive calendar days;

(ii) At a rate of eleven per cent of the rent paid to a bed and breakfast establishment for the first period not exceeding thirty consecutive calendar days;

(C) With respect to the storage, acceptance, consumption or use in this state of a motor vehicle purchased from any retailer for storage, acceptance, consumption or use in this state by any individual who is a member of the armed forces of the United States and is on full-time active duty in Connecticut and who is considered, under 50 **[**App**]** USC App 574, a resident of another state, or to any such individual and the spouse of such individual at a rate of four and one-half per cent of the sales price of such vehicle, provided such retailer requires and maintains a declaration by such individual, prescribed as to form by the commissioner and bearing notice to the effect that false statements made in such declaration are punishable, or other evidence, satisfactory to the commissioner, concerning the purchaser's state of residence under 50 **[**App**]** USC App 574;

(D) (i) With respect to the acceptance or receipt in this state of labor that is otherwise taxable under subparagraph (C) or (G) of subdivision (2) of subsection (a) of section 12-407 on existing vessels and repair or maintenance services on vessels occurring on and after July 1, 1999, such services shall be exempt from such tax;

(ii) (I) With respect to the storage, acceptance or other use of a vessel

in this state, at the rate of two and ninety-nine-hundredths per cent, except that such storage, acceptance or other use shall be exempt from such tax if such vessel is docked in this state for sixty or fewer days in a calendar year;

(II) With respect to the storage, acceptance or other use of a motor for a vessel or a trailer used for transporting a vessel in this state, at the rate of two and ninety-nine-hundredths per cent;

(III) With respect to the storage, acceptance or other use of dyed diesel fuel, as defined in subsection (d) of section 12-487, exclusively for marine purposes, at the rate of two and ninety-nine-hundredths per cent;

(E) (i) With respect to the acceptance or receipt in this state of computer and data processing services purchased from any retailer for consumption or use in this state occurring on or after July 1, 2001, at the rate of one per cent of such services, and (ii) with respect to the acceptance or receipt in this state of Internet access services, on and after July 1, 2001, such services shall be exempt from such tax;

(F) With respect to the acceptance or receipt in this state of patient care services purchased from any retailer for consumption or use in this state for which payment is received by the hospital on or after July 1, 1999, and prior to July 1, 2001, at the rate of five and three-fourths per cent and on and after July 1, 2001, such services shall be exempt from such tax;

(G) (i) With respect to the rental or leasing of a passenger motor vehicle for a period of thirty consecutive calendar days or less, at a rate of nine and thirty-five-hundredths per cent;

(ii) With respect to peer-to-peer car sharing, as defined in section 13b-127, for a period of thirty consecutive calendar days or less, at a rate of nine and thirty-five-hundredths per cent;

(H) With respect to the acceptance or receipt in this state of (i) a motor vehicle for a sales price exceeding [fifty] seventy-five thousand dollars,

at a rate of seven and three-fourths per cent on the entire sales price, (ii) jewelry, whether real or imitation, for a sales price exceeding five thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price, and (iii) an article of clothing or footwear intended to be worn on or about the human body, a handbag, luggage, umbrella, wallet or watch for a sales price exceeding one thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price. For purposes of this subparagraph, "motor vehicle" has the meaning provided in section 14-1, but does not include a motor vehicle subject to the provisions of subparagraph (C) of this subdivision, a motor vehicle having a gross vehicle weight rating over twelve thousand five hundred pounds, or a motor vehicle having a gross vehicle weight rating of twelve thousand five hundred pounds or less that is not used for private passenger purposes, but is designed or used to transport merchandise, freight or persons in connection with any business enterprise and issued a commercial registration or more specific type of registration by the Department of Motor Vehicles;

(I) With respect to the acceptance or receipt in this state of meals, as defined in subdivision (13) of section 12-412, sold by an eating establishment, caterer or grocery store; and spirituous, malt or vinous liquors, soft drinks, sodas or beverages such as are ordinarily dispensed at bars and soda fountains, or in connection therewith; in addition to the tax imposed under subparagraph (A) of this subdivision, at the rate of one per cent;

(J) (i) For calendar quarters ending on or after September 30, 2019, the commissioner shall deposit into the regional planning incentive account, established pursuant to section 4-66k, six and seven-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (B) of this subdivision and ten and seven-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (G)(i) of this subdivision;

(ii) For calendar quarters ending on or after September 30, 2018, the commissioner shall deposit into the Tourism Fund established under

section 10-395b ten per cent of the amounts received by the state from the tax imposed under subparagraph (B) of this subdivision;

(K) (i) For calendar months commencing on or after July 1, 2021, but prior to July 1, 2023, the commissioner shall deposit into the municipal revenue sharing account established pursuant to section 4-66*l* seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision, including such amounts received on or after July 1, 2023, attributable to the fiscal year ending June 30, 2023; and

(ii) For calendar months commencing on or after July 1, 2023, the commissioner shall deposit into the Municipal Revenue Sharing Fund established pursuant to section 4-66p seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision; **[**and**]**

(L) (i) For calendar months commencing on or after July 1, 2017, the commissioner shall deposit into said Special Transportation Fund seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision;

(ii) For calendar months commencing on or after July 1, 2018, but prior to July 1, 2019, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 eight per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the acceptance or receipt in this state of a motor vehicle;

(iii) For calendar months commencing on or after July 1, 2019, but prior to July 1, 2020, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 seventeen per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the acceptance or receipt in this state of a motor vehicle;

(iv) For calendar months commencing on or after July 1, 2020, but

prior to July 1, 2021, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 twenty-five per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the acceptance or receipt in this state of a motor vehicle;

(v) For calendar months commencing on or after July 1, 2021, but prior to July 1, 2022, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 seventy-five per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the acceptance or receipt in this state of a motor vehicle; and

(vi) For calendar months commencing on or after July 1, 2022, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 one hundred per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the acceptance or receipt in this state of a motor vehicle;

(M) For calendar quarters ending on or after December 31, 2026, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 one hundred per cent of the amounts received by the state from the tax imposed under subparagraph (G)(ii) of this subdivision; and

(N) For calendar months commencing on or after October 1, 2026, the commissioner shall deposit into the Tourism Fund established under section 10-395b fifty per cent of the amounts received by the state from the tax imposed under subparagraph (I) of this subdivision.

Sec. 30. Subdivision (55) of section 12-412 of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026, and applicable to sales occurring on or after October 1, 2026*):

(55) Sales of (A) tangible personal property by any funeral

establishment performing the primary services in preparation for and the conduct of burial or cremation, provided any such property must be used directly in the performance of such services and the total amount of such exempt sales with respect to any single funeral may not exceed **[**two thousand five hundred**]** ten thousand dollars, or (B) caskets used for burial or cremation.

Sec. 31. Section 12-407e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) **[**(1) From the third Sunday in August until the Saturday next succeeding, inclusive, during the period beginning July 1, 2004, and ending June 30, 2015, the provisions of this chapter shall not apply to sales of any article of clothing or footwear intended to be worn on or about the human body the cost of which article to the purchaser is less than three hundred dollars.

(2) On and after July 1, 2015, from**]** From the third Sunday in August until the Saturday next succeeding, inclusive, the provisions of this chapter shall not apply to sales of any article of clothing or footwear, including cleated shoes, intended to be worn on or about the human body or to any backpack, the cost of which article or backpack to the purchaser is less than **[**one**]** three hundred dollars.

(b) For the purposes of this section, clothing or footwear shall not include (1) any special clothing or footwear primarily designed for athletic activity or protective use and which is not normally worn except when used for the athletic activity or protective use for which it was designed, and (2) jewelry, handbags, luggage other than backpacks, umbrellas, wallets, watches and similar items carried on or about the human body but not worn on the body in the manner characteristic of clothing intended for exemption under this section.

Sec. 32. Section 12-217jj of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) As used in this section:

(1) "Commissioner" means the Commissioner of Revenue Services.

(2) "Department" means the Department of Economic and Community Development.

(3) (A) "Qualified production" means entertainment content created in whole or in part within the state, including motion pictures, except as otherwise provided in this subparagraph; documentaries; long-form, specials, mini-series, series, sound recordings, videos and music videos and interstitials television programming; interactive television; relocated television production; interactive games; videogames; commercials; any format of digital media, including an interactive web site, created for distribution or exhibition to the general public; and any trailer, pilot, video teaser or demo created primarily to stimulate the sale, marketing, promotion or exploitation of future investment in either a product or a qualified production via any means and media in any digital media format, film or videotape, provided such program meets all the underlying criteria of a qualified production. For state fiscal years ending on or after June 30, 2014, "qualified production" shall not include a motion picture that has not been designated as a state-certified qualified production prior to July 1, 2013, and no tax credit voucher for such motion picture may be issued for such motion picture, except, for state fiscal years ending on or after June 30, 2015, "qualified production" shall include a motion picture for which twenty-five per cent or more of the principal photography shooting days are in this state at a facility that receives not less than twenty-five million dollars in private investment and opens for business on or after July 1, 2013, and a tax credit voucher may be issued for such motion picture.

(B) "Qualified production" shall not include any ongoing television program created primarily as news, weather or financial market reports; a production featuring current events, other than a relocated television production, sporting events, an awards show or other gala event; a production whose sole purpose is fundraising; a long-form production that primarily markets a product or service; a production used for

corporate training or in-house corporate advertising or other similar productions; or any production for which records are required to be maintained under 18 USC 2257, as amended from time to time, with respect to sexually explicit content.

(4) "Eligible production company" means a corporation, partnership, limited liability company, or other business entity engaged in the business of producing qualified productions on a one-time or ongoing basis, and qualified by the Secretary of the State to engage in business in the state.

(5) "Production expenses or costs" means all expenditures clearly and demonstrably incurred in the state in the preproduction, production or postproduction costs of a qualified production, including:

(A) Expenditures incurred in the state in the form of either compensation or purchases including production work, production equipment not eligible for the infrastructure tax credit provided in section 12-217kk, production software, postproduction work, postproduction equipment, postproduction software, set design, set construction, props, lighting, wardrobe, makeup, makeup accessories, special effects, visual effects, audio effects, film processing, music, sound mixing, editing, location fees, soundstages and any and all other costs or services directly incurred in connection with a state-certified qualified production;

(B) Expenditures for distribution, including preproduction, production or postproduction costs relating to the creation of trailers, marketing videos, commercials, point-of-purchase videos and any and all content created on film or digital media, including the duplication of films, videos, CDs, DVDs and any and all digital files now in existence and those yet to be created for mass consumer consumption; the purchase, by a company in the state, of any and all equipment relating to the duplication or mass market distribution of any content created or produced in the state by any digital media format which is now in use and those formats yet to be created for mass consumer consumption; and

(C) "Production expenses or costs" does not include the following: (i) On and after January 1, 2008, compensation in excess of fifteen million dollars paid to any individual or entity representing an individual, for services provided in the production of a qualified production and on or after January 1, 2010, compensation subject to Connecticut personal income tax in excess of twenty million dollars paid in the aggregate to any individuals or entities representing individuals, for star talent provided in the production of a qualified production; (ii) media buys, promotional events or gifts or public relations associated with the promotion or marketing of any qualified production; (iii) deferred, leveraged or profit participation costs relating to any and all personnel associated with any and all aspects of the production, including, but not limited to, producer fees, director fees, talent fees and writer fees; (iv) costs relating to the transfer of the production tax credits; (v) any amounts paid to persons or businesses as a result of their participation in profits from the exploitation of the qualified production; and (vi) any expenses or costs relating to an independent certification, as required by subsection (h) of this section, or as the department may otherwise require, pertaining to the amount of production expenses or costs set forth by an eligible production company in its application for a production tax credit.

(6) "Sound recording" means a recording of music, poetry or spoken-word performance, but does not include the audio portions of dialogue or words spoken and recorded as part of a motion picture, video, theatrical production, television news coverage or athletic event.

(7) "State-certified qualified production" means a qualified production produced by an eligible production company that (A) is in compliance with regulations adopted pursuant to subsection (l) of this section, (B) is authorized to conduct business in this state, and (C) has been approved by the department as qualifying for a production tax credit under this section.

(8) "Interactive web site" means a web site, the production expenses or costs of which (A) exceed five hundred thousand dollars per income

year, and (B) is primarily (i) interactive games or end user applications, or (ii) animation, simulation, sound, graphics, story lines or video created or repurposed for distribution over the Internet. An interactive web site does not include a web site primarily used for institutional, private, industrial, retail or wholesale marketing or promotional purposes, or which contains obscene content.

(9) "Post-certification remedy" means the recapture, disallowance, recovery, reduction, repayment, forfeiture, decertification or any other remedy that would have the effect of reducing or otherwise limiting the use of a tax credit provided by this section.

(10) "Compensation" means base salary or wages and does not include bonus pay, stock options, restricted stock units or similar arrangements.

(11) "Relocated television production" means:

(A) An ongoing television program all of the prior seasons of which were filmed outside this state, and may include current events shows, except those referenced in subparagraph (B)(i) of this subdivision.

(B) An eligible production company's television programming in this state that (i) is not a general news program, sporting event or game broadcast, and (ii) is created at a qualified production facility that has had a minimum investment of twenty-five million dollars made by such eligible production company on or after January 1, 2012, at which facility the eligible production company creates ongoing television programming as defined in subparagraph (A) of this subdivision, and creates at least two hundred new jobs in Connecticut on or after January 1, 2012. For purposes of this subdivision, "new job" means a full-time job, as defined in section 12-217ii, that did not exist in this state prior to January 1, 2012, and is filled by a new employee, and "new employee" includes a person who was employed outside this state by the eligible production company prior to January 1, 2012, but does not include a person who was employed in this state by the eligible production company or a related person, as defined in section 12-217ii, with respect

to the eligible production company during the prior twelve months.

(C) A relocated television production may be a state-certified qualified production for not more than ten successive income years, after which period the eligible production company shall be ineligible to resubmit an application for certification.

(b) (1) The Department of Economic and Community Development shall administer a system of tax credit vouchers within the resources, requirements and purposes of this section for eligible production companies producing a state-certified qualified production in the state.

(2) Any eligible production company incurring production expenses or costs shall be eligible for a credit (A) for income years commencing on or after January 1, 2010, but prior to January 1, 2018, against the tax imposed under chapter 207 or this chapter, (B) for income years commencing on or after January 1, 2018, but prior to January 1, 2022, against the tax imposed under chapter 207 or 211 or this chapter, and (C) for income years commencing on or after January 1, 2022, against the tax imposed under chapter 207, 211, 219 or this chapter, as follows: (i) For any such company incurring such expenses or costs of not less than one hundred thousand dollars, but not more than five hundred thousand dollars, a credit equal to ten per cent of such expenses or costs, (ii) for any such company incurring such expenses or costs of more than five hundred thousand dollars, but not more than one million dollars, a credit equal to fifteen per cent of such expenses or costs, and (iii) for any such company incurring such expenses or costs of more than one million dollars, a credit equal to thirty per cent of such expenses or costs.

(c) No eligible production company incurring an amount of production expenses or costs that qualifies for such credit shall be eligible for such credit unless on or after January 1, 2010, such company conducts (1) not less than fifty per cent of principal photography days within the state, or (2) expends not less than fifty per cent of postproduction costs within the state, or (3) expends not less than one million dollars of postproduction costs within the state. The provisions of this subsection shall not apply to an eligible production company that

produces an interactive Internet web site created for distribution or exhibition to the general public.

(d) For income years commencing on or after January 1, 2010, no expenses or costs incurred outside the state and used within the state shall be eligible for a credit, and one hundred per cent of such expenses or costs shall be counted toward such credit when incurred within the state and used within the state.

(e) (1) On and after July 1, 2006, and for income years commencing on or after January 1, 2006, any credit allowed pursuant to this section may be sold, assigned or otherwise transferred, in whole or in part, to one or more taxpayers, provided (A) no credit, after issuance, may be sold, assigned or otherwise transferred, in whole or in part, more than three times, (B) in the case of a credit allowed for the income year commencing on or after January 1, 2011, but prior to January 1, 2012, any entity that is not subject to tax under chapter 207 or this chapter may transfer not more than fifty per cent of such credit in any one income year, and (C) in the case of a credit allowed for an income year commencing on or after January 1, 2012, any entity that is not subject to tax under chapter 207 or this chapter may transfer not more than twenty-five per cent of such credit in any one income year.

(2) Notwithstanding the provisions of subdivision (1) of this subsection, any entity that is not subject to tax under this chapter or chapter 207 shall not be subject to the limitations on the transfer of credits provided in subparagraphs (B) and (C) of said subdivision (1), provided such entity owns not less than fifty per cent, directly or indirectly, of a business entity, as defined in section 12-284b.

(3) Notwithstanding the provisions of subdivision (1) of this subsection, any qualified production that is created in whole or in significant part, as determined by the Commissioner of Economic and Community Development, at a qualified production facility shall not be subject to the limitations of subparagraph (B) or (C) of said subdivision (1). For purposes of this subdivision, "qualified production facility" means a facility (A) located in this state, (B) intended for film, television

or digital media production, and (C) that has had a minimum investment of three million dollars, or less if the Commissioner of Economic and Community Development determines such facility otherwise qualifies.

(4) (A) For the income year commencing on or after January 1, 2018, but prior to January 1, 2019, any credit that is sold, assigned or otherwise transferred, in whole or in part, to one or more taxpayers pursuant to subdivision (1) of this subsection may be claimed against the tax imposed under chapter 211 only if there is common ownership of at least fifty per cent between such taxpayer and the eligible production company that sold, assigned or otherwise transferred such credit. Such taxpayer may only claim ninety-two per cent of the amount of such credit entered by the department on the production tax credit voucher.

(B) For income years commencing on or after January 1, 2019, any credit that is sold, assigned or otherwise transferred, in whole or in part, to one or more taxpayers pursuant to subdivision (1) of this subsection, which credit is claimed against the tax imposed under chapter 211, shall be subject to the following limits:

(i) The taxpayer may only claim ninety-five per cent of the amount of such credit entered by the department on the production tax credit voucher; and

(ii) If there is common ownership of at least fifty per cent between such taxpayer and the eligible production company that sold, assigned or otherwise transferred such credit, such taxpayer may only claim ninety-two per cent of the amount of such credit entered by the department on the production tax credit voucher.

(5) (A) For income years commencing on or after January 1, 2022, but prior to January 1, 2024, and on or after January 1, **[**2026**]** 2028, any credit that is claimed against the tax imposed under chapter 219 shall be subject to the following limits:

(i) Any credit that is sold, assigned or otherwise transferred, in whole

or in part, to one or more taxpayers pursuant to subdivision (1) of this subsection may be claimed against the tax imposed under chapter 219 only if there is common ownership of at least fifty per cent between such taxpayer and the eligible production company that sold, assigned or otherwise transferred such credit; and

(ii) The eligible production company or taxpayer claiming the credit against the tax imposed under chapter 219 may only claim seventy-eight per cent of the amount of such credit entered by the department on the production tax credit voucher.

(B) For income years commencing on or after January 1, 2024, but prior to January 1, **[**2026**]** 2028, any credit that is claimed against the tax imposed under chapter 219 shall be subject to the following limits:

(i) Any credit that is sold, assigned or otherwise transferred, in whole or in part, to one or more taxpayers pursuant to subdivision (1) of this subsection may be claimed against the tax imposed under chapter 219 only if there is common ownership of at least fifty per cent between such taxpayer and the eligible production company that sold, assigned or otherwise transferred such credit; and

(ii) The eligible production company or taxpayer claiming the credit against the tax imposed under chapter 219 may only claim ninety-two per cent of the amount of such credit entered by the department on the production tax credit voucher.

(f) (1) On and after July 1, 2006, and for income years commencing on or after January 1, 2006, but prior to January 1, 2015, all or part of any such credit allowed under this section may be claimed against the tax imposed under chapter 207 or this chapter for the income year in which the production expenses or costs were incurred, or in the three immediately succeeding income years.

(2) For production tax credit vouchers issued on or after July 1, 2015, but prior to January 1, 2018, all or part of any such credit may be claimed against the tax imposed under chapter 207 or this chapter, for the

income year in which the production expenses or costs were incurred, or in the five immediately succeeding income years.

(3) For production tax credit vouchers issued on or after July 1, 2018, but prior to January 1, 2022, all or part of any such credit may be claimed against the tax imposed under chapter 207 or 211 or this chapter, for the income year in which the production expenses or costs were incurred, or in the five immediately succeeding income years.

(4) For production tax credit vouchers issued on or after January 1, 2022, all or part of any such credit may be claimed against the tax imposed under chapter 207, 211, 219 or this chapter, for the income year in which the production expenses or costs were incurred, or in the five immediately succeeding income years.

(g) Any production tax credit allowed under this section shall be nonrefundable.

(h) (1) An eligible production company shall apply to the department for a tax credit voucher on an annual basis, but not later than ninety days after the first production expenses or costs are incurred in the production of a qualified production, and shall provide with such application such information as the department may require to determine such company's eligibility to claim a credit under this section. No production expenses or costs may be listed more than once for purposes of the tax credit voucher pursuant to this section or section 12-217kk, and if a production expense or cost has been included in a claim for a credit, such production expense or cost may not be included in any subsequent claim for a credit.

(2) Not later than ninety days after the end of the annual period, or after the completion of the independent certification, an eligible production company shall apply to the department for a production tax credit voucher, and shall provide with such application (A) a report that includes the number of full-time jobs and the number of part-time jobs created by the eligible production company during the annual period, a description of each such job and an explanation of what the eligible

production company considers to be job creation for purposes of the report, and (B) such information and independent certification as the department may require pertaining to the amount of such company's production expenses or costs. Such independent certification shall be provided by an audit professional chosen from a list compiled by the department. If the department determines that such company is eligible to be issued a production tax credit voucher, the department shall enter on the voucher the amount of production expenses or costs that has been established to the satisfaction of the department and the amount of such company's credit under this section. The department shall provide a copy of such voucher to the commissioner, upon request.

(3) The department shall charge a reasonable and nonrefundable administrative fee sufficient to cover the department's costs to analyze applications submitted under this section.

(i) If an eligible production company sells, assigns or otherwise transfers a credit under this section to another taxpayer, the transferor and transferee shall jointly submit written notification of such transfer to the department not later than thirty days after such transfer. If such transferee sells, assigns or otherwise transfers a credit under this section to a subsequent transferee, such transferee and such subsequent transferee shall jointly submit written notification of such transfer to the department not later than thirty days after such transfer. The notification after each transfer shall include the credit voucher number, the date of transfer, the amount of such credit transferred, the tax credit balance before and after the transfer, the tax identification numbers for both the transferor and the transferee, and any other information required by the department. Failure to comply with this subsection will result in a disallowance of the tax credit until there is full compliance on the part of the transferor and the transferee, and for a second or third transfer, on the part of all subsequent transferors and transferees. The department shall provide a copy of the notification of assignment to the commissioner upon request.

(j) Any eligible production company that submits information to the

department that it knows to be fraudulent or false shall, in addition to any other penalties provided by law, be liable for a penalty equal to the amount of such company's credit entered on the production tax credit voucher issued under this section.

(k) No tax credits transferred pursuant to this section shall be subject to a post-certification remedy, and the department and the commissioner shall have no right, except in the case of possible material misrepresentation or fraud, to conduct any further or additional review, examination or audit of the expenditures or costs for which such tax credits were issued. The sole and exclusive remedy of the department and the commissioner shall be to seek collection of the amount of such tax credits from the entity that committed the fraud or misrepresentation.

(l) The department, in consultation with the commissioner, may adopt regulations, in accordance with the provisions of chapter 54, as may be necessary for the administration of this section.

Sec. 33. (NEW) (*Effective from passage*) (a) As used in this section:

(1) "Certified community development corporation" has the same meaning as provided in section 32-7s of the general statutes;

(2) "Community partnership opportunity agreement" means a written agreement entered into pursuant to this section among the Department of Economic and Community Development, participating investors, certified community development corporations and implementing organizations and independent evaluators to implement the provisions of this section;

(3) "Early childhood implementing organization" means any school or for-profit or nonprofit organization, with the professional capacity to provide preschool or early childhood instruction designed to increase kindergarten-readiness;

(4) "Implementing organization" means an early childhood implementing organization, a literacy implementing organization or a

workforce implementing organization, as applicable, that is responsible for delivering services or interventions to achieve the performance metrics set forth in a community opportunity partnership agreement;

(5) "Independent evaluator" means an individual or entity that is responsible for measuring performance metrics and progress milestones using methodologies set forth in a community opportunity partnership agreement and verifying that such metrics and milestones have been met and (A) is an academic institution, a professional evaluative consultant or an organization with a documented history of verifying performance-based program outcomes, (B) possesses expertise in the specific subject matter of the community opportunity partnership agreement, including educational assessment metrics or workforce development metrics or both, and (C) has no financial interest in the outcome of the agreement other than the fee for evaluation services;

(6) "Literacy implementing organization" means any school or for-profit or nonprofit organization, with the professional capacity to provide intensive tutoring or reading interventions designed to ensure grade-level reading proficiency by grade three;

(7) "Participating investor" means a private, philanthropic or mission-driven investor that provides the necessary capital to fund the initiatives set forth in a community opportunity partnership agreement; and

(8) "Workforce implementing organization" means an institution of higher education or a for-profit or nonprofit organization, with the capacity to provide training in specialized skills, such as in health care, manufacturing or other high-demand fields.

(b) (1) There is established a program under which the Department of Economic and Community Development shall enter into community partnership opportunity agreements to expand, in communities in the state that are experiencing persistent economic disadvantages, (A) educational achievement, pursuant to an educational outcome community partnership opportunity agreement, or (B) workforce skills, pursuant to a workforce outcome community partnership opportunity

agreement, or both. Upon verification by the independent evaluator that all the performance metrics set forth in the community partnership opportunity agreement have been met, each participating investor shall receive a repayment of the amount of invested capital, plus a performance-based premium in accordance with the terms of the community partnership opportunity agreement.

(2) Each community partnership opportunity agreement shall include, at a minimum:

(A) A five-year performance period from the date such agreement is executed that includes an implementation period during which interventions are delivered, an outcome measurement period during which performance metrics are evaluated by an independent evaluator and the timing of baseline and performance progress measurements;

(B) Performance metrics and progress milestones, evaluation methodologies to measure such metrics and milestones and the timing of the conduct of evaluations;

(C) The participating investors and the amount of capital committed by such investors;

(D) The certified community development corporation that will serve as the coordinator of the initiatives undertaken to achieve the performance metrics and progress milestones and the fee for such services;

(E) The implementing organization or organizations that will carry out such initiatives and the fee for such services;

(F) The independent evaluator that will conduct evaluations of performance metrics and progress milestones and verify that the performance metrics have been met and the fee for such services; and

(G) A success payment contract that sets forth a schedule of success payments to participating investors, contingent on achievement of the performance metrics set forth in the agreement, including repayment of

the amount of invested capital, a performance-based premium on such amount and the maximum success payment obligation under the agreement. Success payments shall be recognition of the acquisition of a high-yield economic asset upon the achievement of the performance metrics and of the projected lifetime value of such achievements to the state. Any success payment shall be made by the Commissioner of Economic and Community Development as an authorized capital expenditure.

(3) In addition to the requirements set forth in subdivision (2) of this subsection:

(A) An education outcome community partnership opportunity agreement shall focus on achieving measurable improvements in kindergarten-readiness and grade three reading proficiency for children residing in the community serviced by the certified community development corporation. Such agreement shall include (i) for kindergarten-readiness, performance metrics based on an increase in the percentage of such children who meet the state's standard for kindergarten-readiness upon enrollment, and (ii) for grade three literacy-proficiency, performance metrics based on an increase in the percentage of such children, regardless of the specific school attended, who achieve grade-level reading proficiency by grade three; and

(B) A workforce outcome community partnership opportunity agreement shall focus on increasing workforce skills attainment and career-linked employment for working-age residents of the community serviced by the certified community development corporation. Such agreement shall include performance metrics such as industry-recognized credential attainment and placement in career-path employment with specific wage and retention milestones.

(4) Any community partnership opportunity agreement executed pursuant to this section may be amended only by written agreement by all parties to the community partnership opportunity agreement.

(c) (1) Each certified community development corporation shall

submit a proposal to the Commissioner of Economic and Community Development to enter into a community partnership opportunity agreement. The commissioner shall assist the certified community development corporation in the preparation of such proposal, which shall include the names and contact information of the other parties required for a community partnership opportunity agreement and sufficient information to demonstrate the following to the commissioner's satisfaction:

(A) The implementing organizations possess the necessary experience in delivering evidence-based interventions in early childhood education, literacy or workforce development, as applicable, in distressed municipalities, as defined in section 32-9p of the general statutes;

(B) The proposed intervention model is designed to reach a minimum participation threshold of not less than (i) twenty per cent of children grade three and younger residing in the community serviced by the certified community development corporation, and (ii) twenty per cent of the working-age residents of such community;

(C) The proposed intervention model demonstrates a reasonable probability of achieving the applicable agreed-upon performance metrics;

(D) Verified commitments of sufficient capital from participating investors to fund the full five-year duration of the performance period without reliance on state appropriations; and

(E) The proposed outcomes for kindergarten-readiness, grade three literacy and workforce employment are clearly linked to the longitudinal success of the resident populations in the community serviced by the certified community development corporation.

(2) If the commissioner finds that the proposal meets the criteria set forth in subdivision (1) of this subsection, the commissioner shall execute a community partnership opportunity agreement not later than

ninety days after the commissioner receives the proposal. If the commissioner determines such requirements have not been met, the commissioner shall provide a written notice to the person submitting the proposal, identifying the specific requirements that were not met.

(d) Upon the execution of a community partnership opportunity agreement, the certified community development corporation may do all things necessary to meet the performance metrics and progress milestones set forth in the agreement, including, but not limited to, collaborating with the implementing organization, independent evaluator and state agencies to measure achievement of such metrics and milestones; collaborating with early childhood education providers, schools and other educational institutions, employers, workforce development organizations and any other entities necessary to help achieve such metrics and milestones; and engaging with participating investors.

(e) There is established an account to be known as the "community partnership opportunity account", which shall be a separate, nonlapsing account. The account shall contain any moneys required by law to be deposited in the account. Moneys in the account shall be expended by the Commissioner of Economic and Community Development for the purposes of making payments for the necessary expenses related to the initiatives implemented to achieve the performance metrics and progress milestones set forth in a community opportunity partnership agreement and evaluation of such metrics and milestones and making success payments in accordance with the provisions of a community opportunity partnership agreement. Any moneys provided by a participating investor pursuant to a community opportunity partnership program under this section shall be deposited in the account. The Treasurer shall invest the moneys in the account, subject to use for purposes of the program.

(f) The commissioner shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committees of the General Assembly having cognizance of matters

relating to commerce and finance, revenue and bonding for each community opportunity partnership agreement executed. Such report shall be submitted for each year of the five-year period of the agreement, describing the results of any performance metrics or performance progress evaluations conducted in such year and a summary by the certified community development corporation of the initiatives undertaken in such year.

Sec. 34. (NEW) (*Effective July 1, 2026*) As used in this section and section 35 of this act, unless the context otherwise requires:

(1) "Audited net inpatient revenue for federal fiscal year 2024" means the amount of revenue that the commissioner determines, in accordance with federal law, that a hospital received for the provision of inpatient hospital services during the 2024 federal fiscal year;

(2) "Audited net outpatient revenue for federal fiscal year 2024" means the amount of revenue that the commissioner determines, in accordance with federal law, that a hospital received for the provision of outpatient hospital services during the 2024 federal fiscal year;

(3) "Audited net revenue for federal fiscal year 2024" means, (A) for each hospital with audited financial statements for federal fiscal year 2024, the net revenue, as reported in such hospital's audited financial statements, less the amount of revenue that the commissioner determines, in accordance with federal law, that the hospital received from other than the provision of inpatient hospital services and outpatient hospital services, and (B) for each hospital without audited financial statements for federal fiscal year 2024, the net revenue, as reported in the hospital's financial filings submitted to the Office of Health Strategy as adjusted in accordance with audited financial statement standards, less the amount of revenue that the commissioner determines, in accordance with federal law, that the hospital received from other than the provision of inpatient hospital services and outpatient hospital services;

(4) "Charity care" means free or discounted health care services

rendered by a health care provider to an individual who cannot afford to pay for such services, including, but not limited to, health care services provided to an uninsured patient who is not expected to pay all or part of a health care provider's bill based on income guidelines and other financial criteria set forth in the general statutes or in a health care provider's charity care policies on file at the office of such provider. "Charity care" does not include bad debts or payer discounts;

(5) "Commissioner" means the Commissioner of Revenue Services;

(6) "Gross receipts" means the amount received, whether in cash or in kind, from patients, third-party payers and others for taxable health care items or services provided by the taxpayer in the state, including retroactive adjustments under reimbursement agreements with third-party payers, without any deduction for any expenses of any kind;

(7) "Health care provider" means an individual or entity that receives any payment or payments for health care items or services provided;

(8) "Hospital" means any health care facility, as defined in section 19a-630 of the general statutes, that (A) is licensed by the Department of Public Health as a short-term general hospital; (B) is maintained primarily for the care and treatment of patients with disorders other than mental diseases; (C) meets the requirements for participation in Medicare as a hospital; and (D) has in effect a utilization review plan, applicable to all Medicaid patients, that meets the requirements of 42 CFR 482.30, as amended from time to time, unless a waiver has been granted by the Secretary of the United States Department of Health and Human Services;

(9) "Inpatient" means a patient who has been admitted to a medical institution as an inpatient on the recommendation of a physician or dentist and who (A) receives room, board and professional services in the institution for a twenty-four-hour period or longer, or (B) is expected by the institution to receive room, board and professional services in the institution for a twenty-four-hour period or longer, even if the patient does not actually stay in the institution for a twenty-four-hour period or

longer;

(10) "Inpatient hospital services" means, in accordance with federal law, all services that are (A) ordinarily furnished in a hospital for the care and treatment of inpatients; (B) furnished under the direction of a physician or dentist; and (C) furnished in a hospital. "Inpatient hospital services" does not include skilled nursing facility services and intermediate care facility services furnished by a hospital with swing bed approval;

(11) "Intermediate care facility" means a residential facility for persons with intellectual disability that is certified to meet the requirements of 42 CFR 442, Subpart C, as amended from time to time, and, in the case of a private facility, licensed pursuant to section 17a-227 of the general statutes;

(12) "Medicaid" means the program operated by the Department of Social Services pursuant to section 17b-260 of the general statutes and authorized by Title XIX of the Social Security Act, as amended from time to time;

(13) "Medicare" means the program operated by the Centers for Medicare and Medicaid Services in accordance with Title XVIII of the Social Security Act, as amended from time to time;

(14) "Net revenue" means gross receipts less payer discounts, charity care and bad debts, to the extent the taxpayer previously paid tax under section 12-263q of the general statutes, as amended by this act, on the amount of such bad debts;

(15) "Outpatient" means a patient of an organized medical facility or a distinct part of such facility, who is expected by the facility to receive, and who does receive, professional services for less than a twenty-four-hour period regardless of the hour of admission, whether or not a bed is used or the patient remains in the facility past midnight;

(16) "Outpatient hospital services" means, in accordance with federal law, preventive, diagnostic, therapeutic, rehabilitative or palliative

services that are (A) furnished to an outpatient; (B) furnished by or under the direction of a physician or dentist; and (C) furnished by a hospital;

(17) "Payer discounts" means the difference between a health care provider's published charges and the payments received by the health care provider from one or more health care payers for a rate or method of payment that is different than or discounted from such published charges. "Payer discounts" does not include charity care or bad debts;

(18) "Received" means "received" or "accrued", construed according to the method of accounting customarily employed by the taxpayer; and

(19) "Taxpayer" means any hospital subject to tax under section 35 of this act.

Sec. 35. (NEW) (*Effective July 1, 2026*) (a) (1) (A) For each calendar quarter commencing on or after July 1, 2026, each hospital shall pay a tax on the total net revenue received by such hospital for (i) the provision of inpatient hospital services, and (ii) the provision of outpatient hospital services.

(B) On and after July 1, 2026, and prior to July 1, 2031, the rate of tax for the provision of inpatient hospital services shall be four per cent of each hospital's audited net revenue for federal fiscal year 2024 attributable to inpatient hospital services, for each hospital that is required to pay the tax. Such rate shall apply for state fiscal years commencing on or after July 1, 2031, unless modified through any provision of the general statutes.

(C) (i) On and after July 1, 2026, the rate of tax for the provision of outpatient hospital services shall be the percentages specified as follows applied to the audited net revenue for federal fiscal year 2024 attributable to outpatient hospital services, for each hospital that is required to pay the tax:

(I) For the state fiscal year commencing July 1, 2026, seven and eight thousand two hundred twenty-three ten-thousandths (7.8223) per cent;

(II) For the state fiscal year commencing July 1, 2027, eight and nine hundred seventy-three ten-thousandths (8.0973) per cent;

(III) For the state fiscal year commencing July 1, 2028, eight and three thousand seven hundred ninety-nine ten-thousandths (8.3799) per cent;

(IV) For the state fiscal year commencing July 1, 2029, eight and six thousand seven hundred four ten-thousandths (8.6704) per cent; and

(V) For the state fiscal year commencing July 1, 2030, eight and nine thousand six hundred eighty-nine ten-thousandths (8.9689) per cent.

(ii) The rate specified under clause (i)(V) of this subparagraph shall apply for state fiscal years commencing on or after July 1, 2031, unless modified through any provision of the general statutes.

(D) If a hospital or hospitals subject to the taxes imposed under this subdivision merge, consolidate, are acquired or otherwise reorganize, the surviving hospital shall assume and be liable for the total taxes imposed under this subdivision on the merged, consolidated, acquired or reorganized hospitals, including any outstanding liabilities from periods prior to such merger, consolidation, acquisition or reorganization.

(E) (i) For each state fiscal year commencing on or after July 1, 2026, if the Commissioner of Social Services determines for any state fiscal year that the effective rate of tax for the tax imposed on net revenue for the provision of inpatient hospital services exceeds the rate permitted under the provisions of 42 CFR 433.68(f), as amended from time to time, the amount of tax collected that exceeds the permissible amount shall be refunded to hospitals, in proportion to the amount of net revenue for the provision of inpatient hospital services upon which the hospitals were taxed. The effective rate of tax shall be calculated by comparing the amount of tax paid by hospitals on net revenue for the provision of inpatient hospital services in a state fiscal year with the amount of net revenue received by hospitals subject to the tax for the provision of inpatient hospital services for the equivalent fiscal year.

(ii) Each hospital subject to the taxes imposed under this subdivision shall report to the Commissioner of Social Services, in the manner prescribed by and on forms provided by said commissioner, the amount of tax paid annually pursuant to this subsection by such hospital and the amount of net revenue received by such hospital for the provision of inpatient hospital services, in the state fiscal year commencing two years prior to each such reporting date. Not later than ninety days after said commissioner receives completed reports from all hospitals required to submit such reports, said commissioner shall notify the Commissioner of Revenue Services of the amount of any refund due each hospital to be in compliance with 42 CFR 433.68(f), as amended from time to time. Not later than thirty days after receiving such notice, the Commissioner of Revenue Services shall notify the Comptroller of the amount of each such refund and the Comptroller shall draw an order on the Treasurer for payment of each such refund. No interest shall be added to any refund issued pursuant to this subparagraph.

(2) For each state fiscal year commencing on or after July 1, 2026, each hospital subject to the taxes imposed under subdivision (1) of this subsection shall pay the total amount due in four quarterly payments consistent with section 12-263s of the general statutes, as amended by this act, with the first quarter commencing with the first day of each state fiscal year and the last quarter ending on the last day of each state fiscal year. Hospitals shall calculate the amount of tax due, in accordance with the provisions of subdivision (1) of this subsection, on forms prescribed by the commissioner.

(3) (A) (i) Not later than July 31, 2026, each hospital required to pay tax on inpatient hospital services or outpatient hospital services shall submit to the commissioner such information as the commissioner requires in order to calculate the audited net inpatient revenue for federal fiscal year 2024 and the audited net outpatient revenue for federal fiscal year 2024 of each hospital subject to the tax. The amounts reported by each hospital shall be deemed accepted on July 1, 2026, provided the commissioner has not initiated an audit of the hospital before such first day.

(ii) If the commissioner initiates an audit of a hospital, such hospital shall comply with all additional requests by the commissioner for information necessary to enable the commissioner to fully audit the hospital within thirty days of the date the commissioner requests such information. The commissioner may extend such period upon request.

(iii) The commissioner shall issue any notice setting forth additional audited net revenue not later than the first day of the state fiscal year. Such additional audited net revenue shall be final thirty days after the date such notice is mailed to the taxpayer, except for any amounts as to which the taxpayer files a written protest with the commissioner. If a protest is filed, the commissioner shall reconsider the additional audited net revenue and, if the taxpayer or the taxpayer's authorized representative has requested a hearing, shall grant or deny such hearing. The commissioner shall mail notice of the commissioner's determination to the taxpayer, which notice shall briefly set forth the commissioner's findings of fact and the basis of the commissioner's decision in each case decided adversely, in whole or in part, to the taxpayer. The commissioner's action on the taxpayer's protest shall be final upon the expiration of one month from the date the commissioner mails the notice of the commissioner's determination to the taxpayer, unless the taxpayer seeks judicial review of such determination within such period.

(iv) If any protest or appeal is pending on the first day of the next succeeding state fiscal year, the amounts reported by the protesting or appealing taxpayer shall be used to tentatively calculate the tax due under this section until such protest or appeal is finally resolved. If any amount is revised pursuant to such protest or appeal from the amount originally reported by a hospital, the commissioner shall recalculate for each hospital the amounts due under this section and shall issue assessments or refunds, as applicable, with respect to any affected calendar quarter.

(v) A notice under this subparagraph shall not be required for any hospital for which an audit has not been issued.

(B) Any hospital that fails to provide the requested information by the date specified in subparagraph (A) of this subdivision or fails to comply with a request for additional information made under this subdivision shall be subject to a penalty of one thousand dollars per day for each day the hospital fails to provide the requested information or additional information.

(C) The commissioner may engage an independent auditor to assist in the performance of the commissioner's duties and responsibilities under this subdivision.

(4) Net revenue derived from providing a health care item or service to a patient shall be taxed only one time under this section.

(5) For purposes of this section, if a hospital's audited financial statements for federal fiscal year 2024 do not report revenue for the entire fiscal year, such hospital's audited net revenue for federal fiscal year 2024 shall be calculated by projecting the amount of revenue such hospital would have received for the entire fiscal year based proportionally on the audited net revenue reported on its audited financial statements or through review of the hospital's financial filings with the Office of Health Strategy.

(6) Audited net inpatient revenue and audited net outpatient revenue shall be based on information provided by each hospital required to pay tax on inpatient hospital services or outpatient hospital services.

(b) (1) (A) The Commissioner of Social Services shall seek approval from the Centers for Medicare and Medicaid Services to exempt from the net revenue tax imposed under subsection (a) of this section the following: (i) Specialty hospitals; and (ii) hospitals owned and operated exclusively by the state other than a short-term general hospital operated by the state as a receiver pursuant to chapter 920 of the general statutes. Any hospital for which the Centers for Medicare and Medicaid Services grants an exemption shall be exempt from the taxes imposed under subsection (a) of this section. Any hospital for which the Centers for Medicare and Medicaid Services denies an exemption shall be

deemed to be a hospital for purposes of this section and shall be required to pay the taxes imposed under subsection (a) of this section on inpatient hospital services and outpatient hospital services at the same effective rates set forth in subsection (a) of this section.

(B) Each hospital shall provide to the Commissioner of Social Services, upon request, such information as said commissioner may require to make any computations necessary to seek approval for exemption under this subdivision.

(C) As used in this subdivision, "specialty hospital" means a health care facility, as defined in section 19a-630 of the general statutes, other than a facility licensed by the Department of Public Health as a short-term general hospital or a short-term children's hospital. "Specialty hospital" includes, but is not limited to, a psychiatric hospital or a chronic disease hospital.

(2) (A) For each state fiscal year commencing on or after July 1, 2026, the Commissioner of Social Services shall seek approval from the Centers for Medicare and Medicaid Services to exempt sole community hospitals from the net revenue tax imposed on outpatient hospital services. Any such hospital for which the Centers for Medicare and Medicaid Services grants an exemption shall be exempt from the net revenue tax imposed on outpatient hospital services under subsection (a) of this section. Any hospital for which the Centers for Medicare and Medicaid Services denies an exemption shall be required to pay the net revenue tax imposed on outpatient hospital services under subsection (a) of this section.

(B) For purposes of this subdivision, "sole community hospital" means a hospital that is classified by the Centers for Medicare and Medicaid Services for purposes of Medicare as a sole community hospital under 42 CFR 412.92. Upon said commissioner's receipt of a determination by the Centers for Medicare and Medicaid Services that a hospital is not exempt, the total audited net revenue from the provision of outpatient hospital services for federal fiscal year 2024 shall be increased by such hospital's audited net revenue from the provision

of outpatient hospital services for federal fiscal year 2024 and the effective rate of the tax due under this section shall be adjusted to ensure that the total amount of such tax to be collected under subsection (a) of this section is redistributed, commencing with the calendar quarter next succeeding the date of the determination by the Centers for Medicare and Medicaid Services.

(3) Upon receipt of a determination by the Centers for Medicare and Medicaid Services under this subsection that a hospital is not exempt, said commissioner shall notify all hospitals subject to the taxes under subsection (a) of this section of such determination, the corresponding increase to the total audited net revenue for federal fiscal year 2024 and the change in any effective rate of the taxes to be collected under subsection (a) of this section. Such notice shall be provided prior to the end of the calendar quarter next succeeding the date of the determination by the Centers for Medicare and Medicaid Services. If a state fiscal year has commenced when such determination is made, the adjusted audited net revenue for federal fiscal year 2024 and the change in any effective rate of the tax to be collected under subsection (a) of this section shall be prorated to take into account the amount of the tax already paid during the state fiscal year.

(4) The provisions of section 17b-8 of the general statutes shall not apply to any exemption or exemptions sought by the Commissioner of Social Services from the Centers for Medicare and Medicaid Services under this subsection.

(c) The commissioner shall issue guidance regarding the administration of the tax on inpatient hospital services and outpatient hospital services. Such guidance shall be issued upon completion of a study of the applicable federal law governing the administration of tax on inpatient hospital services and outpatient hospital services. The commissioner shall conduct such study in collaboration with the Commissioner of Social Services, the Secretary of the Office of Policy and Management, the Connecticut Hospital Association and the hospitals subject to the tax imposed on inpatient hospital services and

outpatient hospital services.

(d) (1) The commissioner shall determine, in consultation with the Commissioner of Social Services, the Secretary of the Office of Policy and Management, the Connecticut Hospital Association and the hospitals subject to the tax imposed on inpatient hospital services and outpatient hospital services, if there is any underreporting of revenue on hospitals' audited financial statements. Such consultation shall only be as authorized under section 12-15 of the general statutes. The commissioner shall issue guidance, if necessary, to address any such underreporting.

(2) If the commissioner determines, in accordance with this subsection, that a hospital underreported net revenue on its audited financial statements or on its financial filings submitted to the Office of Health Strategy, the amount of underreported net revenue shall be added to the amount of net revenue reported on such hospital's audited financial statements or financial filings so as to comply with federal law and the revised net revenue amount shall be used for purposes of calculating the amount of tax owed by such hospital under this section. For purposes of this subsection, "underreported net revenue" means any revenue of a hospital subject to the tax imposed under this section that is required to be included in net revenue from the provision of inpatient hospital services and net revenue from the provision of outpatient hospital services to comply with 42 CFR 433.56, as amended from time to time, 42 CFR 433.68, as amended from time to time, and Section 1903(w) of the Social Security Act, as amended from time to time, but that was not reported on such hospital's audited financial statements of financial filings. Underreported net revenue shall only include revenue of the hospital subject to such tax.

(e) On or before November 15, 2026, and quarterly thereafter, the commissioner shall report to the Commissioner of Social Services and the Secretary of the Office of Policy and Management the amount of tax paid under this section by each hospital for the most recently completed calendar quarter and the amount of any delinquent tax, plus penalty

and interest thereon, owed by a hospital and due under this section.

(f) Nothing in this section shall affect the commissioner's obligations under section 12-15 of the general statutes regarding disclosure and inspection of returns and return information.

Sec. 36. Section 12-263s of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

(a) No tax credit or credits shall be allowable against any tax or fee imposed under section 12-263q, as amended by this act, **[**or**]** 12-263r or section 35 of this act. Notwithstanding any other provision of the general statutes, any health care provider that has been assigned tax credits under section 32-9t for application against the taxes imposed under chapter 211a may further assign such tax credits to another taxpayer or taxpayers one time, provided such other taxpayer or taxpayers may claim such credit only with respect to a taxable year for which the assigning health care provider would have been eligible to claim such credit and such other taxpayer or taxpayers may not further assign such credit. The assigning health care provider shall file with the commissioner information requested by the commissioner regarding such assignments, including but not limited to, the current holders of credits as of the end of the preceding calendar year.

(b) (1) Each taxpayer doing business in this state shall, on or before the last day of January, April, July and October of each year, render to the commissioner a quarterly return, on forms prescribed or furnished by the commissioner and signed by one of the taxpayer's principal officers, stating specifically the name and location of such taxpayer, the amount of its net patient revenue or resident days during the calendar quarter ending on the last day of the preceding month and such other information as the commissioner deems necessary for the proper administration of this section and the state's Medicaid program. Except as provided in subdivision (2) of this subsection, the taxes and fees imposed under section 12-263q, as amended by this act, **[**or**]** 12-263r or section 35 of this act shall be due and payable on the due date of such

return. Each taxpayer shall be required to file such return electronically with the department and to make such payment by electronic funds transfer in the manner provided by chapter 228g, irrespective of whether the taxpayer would have otherwise been required to file such return electronically or to make such payment by electronic funds transfer under the provisions of said chapter.

(2) (A) A taxpayer may file, on or before the due date of a payment of tax or fee imposed under section 12-263q, as amended by this act, **[**or**]** 12-263r or section 35 of this act, a request for a reasonable extension of time for such payment for reasons of undue hardship. Undue hardship shall be demonstrated by a showing that such taxpayer is at substantial risk of defaulting on a bond covenant or similar obligation if such taxpayer were to make payment on the due date of the amount for which the extension is requested. Such request shall be filed on forms prescribed by the commissioner and shall include complete information of such taxpayer's inability, due to undue hardship, to make payment of the tax or fee on or before the due date of such payment. The commissioner shall not grant any extension for a general statement of hardship by the taxpayer or for the convenience of the taxpayer.

(B) The commissioner may grant an extension if the commissioner determines an undue hardship exists. Such extension shall not exceed three months from the original due date of the payment, except that the commissioner may grant an additional extension not exceeding three months from the initial extended due date of the payment (i) upon the filing of a subsequent request by the taxpayer on or before the extended due date of the payment, on forms prescribed by the commissioner, and (ii) upon a showing of extraordinary circumstances, as determined by the commissioner.

(3) If the commissioner grants an extension pursuant to subdivision (2) of this subsection, no penalty shall be imposed and no interest shall accrue during the period of time for which an extension is granted if the taxpayer pays the tax or fee due on or before the extended due date of the payment. If the taxpayer does not pay such tax or fee by the extended

due date, a penalty shall be imposed in accordance with subsection (c) of this section and interest shall begin to accrue at a rate of one per cent per month for each month or fraction thereof from the extended due date of such tax or fee until the date of payment.

(c) (1) Except as provided in subdivision (2) of subsection (b) of this section, if any taxpayer fails to pay the amount of tax or fee reported to be due on such taxpayer's return within the time specified under the provisions of this section, there shall be imposed a penalty equal to ten per cent of such amount due and unpaid, or fifty dollars, whichever is greater. The tax or fee shall bear interest at the rate of one per cent per month or fraction thereof, from the due date of such tax or fee until the date of payment.

(2) If any taxpayer has not made its return within one month of the due date of such return, the commissioner may make such return at any time thereafter, according to the best information obtainable and according to the form prescribed. There shall be added to the tax or fee imposed upon the basis of such return an amount equal to ten per cent of such tax or fee, or fifty dollars, whichever is greater. The tax or fee shall bear interest at the rate of one per cent per month or fraction thereof, from the due date of such tax or fee until the date of payment.

(3) Subject to the provisions of section 12-3a, the commissioner may waive all or part of the penalties provided under this subsection when it is proven to the commissioner's satisfaction that the failure to pay any tax or fee on time was due to reasonable cause and was not intentional or due to neglect.

(4) The commissioner shall notify the Commissioner of Social Services of any amount delinquent under this section and, upon receipt of such notice, the Commissioner of Social Services shall deduct and withhold such amount from amounts otherwise payable by the Department of Social Services to the delinquent taxpayer.

(d) (1) Any person required under sections 12-263q to 12-263v, inclusive, as amended by this act, or section 35 of this act, to pay any tax

or fee, make a return, keep any records or supply any information, who wilfully fails, at the time required by law, to pay such tax or fee, make such return, keep such records or supply such information, shall, in addition to any other penalty provided by law, be fined not more than one thousand dollars or imprisoned not more than one year, or both. As used in this subsection, "person" includes any officer or employee of a taxpayer under a duty to pay such tax or fee, make such return, keep such records or supply such information. Notwithstanding the provisions of section 54-193, no person shall be prosecuted for a violation of the provisions of this subsection committed on or after July 1, 1997, except within three years next after such violation has been committed.

(2) Any person who wilfully delivers or discloses to the commissioner or the commissioner's authorized agent any list, return, account, statement or other document, known by such person to be fraudulent or false in any material matter, shall, in addition to any other penalty provided by law, be guilty of a class D felony. No person shall be charged with an offense under both this subdivision and subdivision (1) of this subsection in relation to the same tax period but such person may be charged and prosecuted for both such offenses upon the same information.

Sec. 37. Section 12-263aa of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

(a) For the state fiscal years ending June 30, 2020, through June 30, 2026, the tax imposed under section 12-263q, as amended by this act, on the provision of inpatient hospital services and outpatient hospital services shall cease to be imposed if the Centers for Medicare and Medicaid Services (1) determines that such tax is an impermissible tax under Section 1903(w) of the Social Security Act, as amended from time to time, or (2) does not approve the applicable Medicaid state plan amendments necessary for the state to receive federal financial participation under the Medicaid program for the payments set forth in

subsection (i) of section 17b-239 and subsection (c) of section 17b-239e. In the event of such a determination or disapproval, the General Assembly shall consider, during the next occurring regular or special session, whichever is sooner, such amendments to the general statutes as are necessary to comply with federal law regarding such tax.

(b) For state fiscal years commencing on or after July 1, 2026, the taxes imposed under subsection (a) of section 35 of this act shall revert to the tax set forth in section 12-263q of the general statutes, revision of 1958, revised to January 1, 2025, if the Centers for Medicare and Medicaid Services determines that either tax under subsection (a) of section 35 of this act is an impermissible tax under Section 1903(w) of the Social Security Act, as amended from time to time, declines to issue any tax waiver that may be required or finds any aspect of the taxes imposed under section 35 of this act to be invalid. In the event of such an occurrence, the General Assembly shall consider, during the next occurring regular or special session, whichever is sooner, such amendments to the general statutes as are necessary to comply with federal law regarding such taxes.

Sec. 38. Section 12-263q of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

(a) (1) For each calendar quarter commencing on or after July 1, 2017, and prior to July 1, 2026, each hospital shall pay a tax on the total net revenue received by such hospital for the provision of inpatient hospital services and outpatient hospital services.

(A) On and after July 1, 2017, through June 30, 2026, the rate of tax for the provision of inpatient hospital services shall be six per cent of each hospital's audited net revenue for fiscal year 2016 attributable to inpatient hospital services. **[**Such rate shall apply for fiscal years commencing on or after July 1, 2026, unless modified through any provision of the general statutes.**]**

(B) (i) On and after July 1, 2017, and prior to July 1, 2019, the rate of

tax for the provision of outpatient hospital services shall be nine hundred million dollars less the total tax imposed on all hospitals for the provision of inpatient hospital services, which sum shall be divided by the total audited net revenue for fiscal year 2016 attributable to outpatient hospital services, of all hospitals that are required to pay such tax, resulting in an effective rate of twelve and three thousand three hundred twenty-five ten thousandths (12.3325) per cent of each hospital's audited net revenue for fiscal year 2016 attributable to outpatient hospital services.

(ii) On and after July 1, 2019, and prior to July 1, 2020, the rate of tax for the provision of outpatient hospital services shall be eight hundred ninety million dollars less the total tax imposed on all hospitals for the provision of inpatient hospital services, which sum shall be divided by the total audited net revenue for fiscal year 2016 attributable to outpatient hospital services, of all hospitals that are required to pay such tax, resulting in an effective rate of twelve and nine hundred forty-two ten thousandths (12.0942) per cent of each hospital's audited net revenue for fiscal year 2016 attributable to outpatient hospital services, subject to any hospital dissolutions or cessation of operations pursuant to subparagraph (D) of this subdivision or disallowed exemptions pursuant to subsections (b) and (c) of this section.

(iii) On and after July 1, 2020, and prior to July 1, 2021, the rate of tax for the provision of outpatient hospital services shall be eight hundred eighty-two million dollars less the total tax imposed on all hospitals for the provision of inpatient hospital services, which sum shall be divided by the total audited net revenue for fiscal year 2016 attributable to outpatient hospital services, of all hospitals that are required to pay such tax, resulting in an effective rate of eleven and seven thousand five hundred three ten thousandths (11.7503) per cent of each hospital's audited net revenue for fiscal year 2016 attributable to outpatient hospital services, subject to any hospital dissolutions or cessation of operations pursuant to subparagraph (D) of this subdivision or disallowed exemptions pursuant to subsections (b) and (c) of this section.

(iv) On and after July 1, 2021, and prior to July 1, 2025, the rate of tax for the provision of outpatient hospital services shall be eight hundred fifty million dollars less the total tax imposed on all hospitals for the provision of inpatient hospital services, which sum shall be divided by the total audited net revenue for fiscal year 2016 attributable to outpatient hospital services, of all hospitals that are required to pay such tax, resulting in an effective rate of eleven and nine hundred seventy-six ten thousandths (11.0976) per cent of each hospital's audited net revenue for fiscal year 2016 attributable to outpatient hospital services, subject to any hospital dissolutions or cessation of operations pursuant to subparagraph (D) of this subdivision or disallowed exemptions pursuant to subsections (b) and (c) of this section.

(v) On and after July 1, 2025, and prior to July 1, 2026, the rate of tax for the provision of outpatient hospital services shall be eight hundred twenty million dollars less the total tax imposed on all hospitals for the provision of inpatient hospital services, which sum shall be divided by the total audited net revenue for fiscal year 2016 attributable to outpatient hospital services, of all hospitals that are required to pay such tax, resulting in an effective rate of ten and four thousand eight hundred fifty-eight ten thousandths (10.4858) per cent of each hospital's audited net revenue for fiscal year 2016 attributable to outpatient hospital services, subject to any hospital dissolutions or cessation of operations pursuant to subparagraph (D) of this subdivision or disallowed exemptions pursuant to subsections (b) and (c) of this section. The rate set forth in this clause shall apply for fiscal years commencing on or after July 1, 2026, unless modified through any provision of the general statutes.

(C) (i) For each state fiscal year commencing on or after July 1, 2019, and prior to July 1, 2026, the total audited net revenue for fiscal year 2016 attributable to inpatient hospital services, of all hospitals that are required to pay the tax under this section shall be five billion ninety-seven million eight hundred twenty thousand one hundred ninety-seven dollars, subject to any hospital dissolutions or cessation of operations pursuant to subparagraph (D) of this subdivision or

disallowed exemptions pursuant to subsections (b) and (c) of this section.

(ii) (I) For the state fiscal year commencing on or after July 1, 2019, and prior to July 1, 2020, the total audited net revenue for fiscal year 2016 attributable to outpatient hospital services, of all hospitals that are required to pay the tax under this section shall be four billion eight hundred twenty-nine million eight hundred fifty-nine thousand three hundred ninety-nine dollars, subject to any hospital dissolutions or cessation of operations pursuant to subparagraph (D) of this subdivision or disallowed exemptions pursuant to subsections (b) and (c) of this section.

(II) For each state fiscal year commencing on or after July 1, 2020, the total audited net revenue for fiscal year 2016 attributable to outpatient hospital services, of all hospitals that are required to pay the tax under this section shall be four billion nine hundred three million one hundred twenty-seven thousand one hundred thirty-three dollars, subject to any hospital dissolutions or cessation of operations pursuant to subparagraph (D) of this subdivision or disallowed exemptions pursuant to subsections (b) and (c) of this section.

(D) (i) If a hospital or hospitals subject to the tax imposed under this subdivision merge, consolidate, are acquired or otherwise reorganize, the surviving hospital shall assume and be liable for the total tax imposed under this subdivision on the merged, consolidated, acquired or reorganized hospitals, including any outstanding liabilities from periods prior to such merger, consolidation, acquisition or reorganization.

(ii) If a hospital ceases to operate as a hospital for any reason other than a merger, consolidation, acquisition or reorganization, or ceases for any reason to be subject to the tax imposed under this subdivision, the amount of tax due from each taxpayer under this subdivision shall not be recalculated to take into account such occurrence for the state fiscal year in which the hospital dissolves or ceases to operate. The amount of tax that would be due from the dissolved hospital after its dissolution

or cessation of operations shall not be collected by the commissioner for the state fiscal year in which such hospital dissolves or ceases to operate. In the next succeeding state fiscal year after the hospital dissolves or ceases to operate and in each subsequent state fiscal year, the total audited net revenue for fiscal year 2016 shall be reduced by such hospital's audited net revenue for fiscal year 2016 and the effective rate of the tax due under this section shall be adjusted to ensure that the total amount of such tax to be collected under subparagraphs (A) and (B) of this subdivision is redistributed among the surviving hospitals in proportion to the reduced total audited net revenue for fiscal year 2016 attributable to inpatient hospital services and outpatient hospital services, of all hospitals.

[(E) (i) For each state fiscal year commencing on or after July 1, 2026, if the Commissioner of Social Services determines for any fiscal year that the effective rate of tax for the tax imposed on net revenue for the provision of inpatient hospital services exceeds the rate permitted under the provisions of 42 CFR 433.68(f), as amended from time to time, the amount of tax collected that exceeds the permissible amount shall be refunded to hospitals, in proportion to the amount of net revenue for the provision of inpatient hospital services upon which the hospitals were taxed. The effective rate of tax shall be calculated by comparing the amount of tax paid by hospitals on net revenue for the provision of inpatient hospital services in a state fiscal year with the amount of net revenue received by hospitals subject to the tax for the provision of inpatient hospital services for the equivalent fiscal year.**]**

[(ii)**]** (E) On or before July 1, 2026, **[**and annually thereafter,**]** each hospital subject to the tax imposed under this subdivision shall report to the Commissioner of Social Services, in the manner prescribed by and on forms provided by said commissioner, the amount of tax paid pursuant to this subsection by such hospital and the amount of net revenue received by such hospital for the provision of inpatient hospital services, in the state fiscal year commencing two years prior to each such reporting date. Not later than ninety days after said commissioner receives completed reports from all hospitals required to submit such

reports, said commissioner shall notify the Commissioner of Revenue Services of the amount of any refund due each hospital to be in compliance with 42 CFR 433.68(f), as amended from time to time. Not later than thirty days after receiving such notice, the Commissioner of Revenue Services shall notify the Comptroller of the amount of each such refund and the Comptroller shall draw an order on the Treasurer for payment of each such refund. No interest shall be added to any refund issued pursuant to this subparagraph.

(2) Except as provided in subdivision (3) of this subsection, each hospital subject to the tax imposed under subdivision (1) of this subsection shall be required to pay the total amount due in four quarterly payments consistent with section 12-263s, as amended by this act, with the first quarter commencing with the first day of each state fiscal year and the last quarter ending on the last day of each state fiscal year. Hospitals shall make all payments required under this subsection in accordance with procedures established by and on forms provided by the commissioner.

(3) (A) For the state fiscal year commencing July 1, 2017, each hospital required to pay tax on inpatient hospital services or outpatient hospital services shall make an estimated tax payment on December 15, 2017, which estimated payment shall be equal to one hundred thirty-three per cent of the tax due under chapter 211a for the period ending June 30, 2017. If a hospital was not required to pay tax under chapter 211a on either inpatient hospital services or outpatient hospital services, such hospital shall make its estimated payment based on its unaudited net patient revenue.

(B) Each hospital required to pay tax pursuant to this subdivision on inpatient hospital services or outpatient hospital services shall pay the remaining balance determined to be due in two equal payments, which shall be due on April 30, 2018, and July 31, 2018, respectively.

(C) (i) For each state fiscal year commencing on or after July 1, 2017, and prior to July 1, 2026, each hospital required to pay tax on inpatient hospital services or outpatient hospital services shall calculate the

amount of tax due on forms prescribed by the commissioner by multiplying the applicable rate set forth in subdivision (1) of this subsection by its audited net revenue for fiscal year 2016.

(ii) For the state fiscal year commencing July 1, 2019, the payment made for the period ending September 30, 2019, by each hospital required to pay tax on inpatient hospital services or outpatient hospital services shall be considered an estimated payment for purposes of the tax due for said state fiscal year. Each hospital required to pay the tax under this section on inpatient hospital services or outpatient hospital services shall pay the remaining balance due in three equal payments, which shall be due on January 31, 2020, April 30, 2020, and July 31, 2020, respectively.

(D) The commissioner shall apply any payment made by a hospital in connection with the tax under chapter 211a for the period ending September 30, 2017, as a partial payment of such hospital's estimated tax payment due on December 15, 2017, under subparagraph (A) of this subdivision. The commissioner shall return to a hospital any credit claimed by such hospital in connection with the tax imposed under chapter 211a for the period ending September 30, 2017, for assignment as provided under section 12-263s, as amended by this act.

(4) (A) Each hospital required to pay tax on inpatient hospital services or outpatient hospital services under this subsection shall submit to the commissioner such information as the commissioner requires in order to calculate the audited net inpatient revenue for fiscal year 2016, the audited net outpatient revenue for fiscal year 2016 and the audited net revenue for fiscal year 2016 of all such health care providers. Such information shall be provided to the commissioner not later than January 1, 2018. The commissioner shall make additional requests for information as necessary to fully audit each hospital's net revenue. Upon completion of the commissioner's examination, the commissioner shall notify, prior to February 28, 2018, each hospital of its audited net inpatient revenue for fiscal year 2016, audited net outpatient revenue for fiscal year 2016 and audited net revenue for fiscal year 2016.

(B) Any hospital that fails to provide the requested information by the dates specified in subparagraph (A) of this subdivision or fails to comply with a request for additional information made under this subdivision shall be subject to a penalty of one thousand dollars per day for each day the hospital fails to provide the requested information or additional information.

(C) The commissioner may engage an independent auditor to assist in the performance of the commissioner's duties and responsibilities under this subdivision.

(5) Net revenue derived from providing a health care item or service to a patient shall be taxed only one time under this section.

(6) (A) For purposes of this section:

(i) "Audited net inpatient revenue for fiscal year 2016" means the amount of revenue that the commissioner determines, in accordance with federal law, that a hospital received for the provision of inpatient hospital services during the 2016 federal fiscal year;

(ii) "Audited net outpatient revenue for fiscal year 2016" means the amount of revenue that the commissioner determines, in accordance with federal law, that a hospital received for the provision of outpatient hospital services during the 2016 federal fiscal year; and

(iii) "Audited net revenue for fiscal year 2016" means net revenue, as reported in each hospital's audited financial statements, less the amount of revenue that the commissioner determines, in accordance with federal law, that a hospital received from other than the provision of inpatient hospital services and outpatient hospital services. The total audited net revenue for fiscal year 2016 shall be the sum of all audited net revenue for the 2016 fiscal year for all hospitals required to pay tax on inpatient hospital services and outpatient hospital services.

(B) For purposes of this section, if a hospital's audited financial statements for fiscal year 2016 does not report revenue for the entire fiscal year, such hospital's audited net revenue for fiscal year 2016 shall

be calculated by projecting the amount of revenue such hospital would have received for the entire fiscal year based proportionally on the audited net revenue reported on its audited financial statements.

(C) Audited net inpatient revenue and audited net outpatient revenue shall be based on information provided by each hospital required to pay tax on inpatient hospital services or outpatient hospital services.

(b) (1) The Commissioner of Social Services shall seek approval from the Centers for Medicare and Medicaid Services to exempt from the net revenue tax imposed under subsection (a) of this section the following: (A) Specialty hospitals; (B) children's general hospitals; and (C) hospitals operated exclusively by the state other than a short-term general hospital operated by the state as a receiver pursuant to chapter 920. Any hospital for which the Centers for Medicare and Medicaid Services grants an exemption shall be exempt from the net revenue tax imposed under subsection (a) of this section. Any hospital for which the Centers for Medicare and Medicaid Services denies an exemption shall be deemed to be a hospital for purposes of this section and shall be required to pay the net revenue tax imposed under subsection (a) of this section on inpatient hospital services and outpatient hospital services at the same effective rates set forth in subsection (a) of this section.

(2) Each hospital shall provide to the Commissioner of Social Services, upon request, such information as said commissioner may require to make any computations necessary to seek approval for exemption under this subsection.

(3) As used in this subsection, (A) "specialty hospital" means a health care facility, as defined in section 19a-630, other than a facility licensed by the Department of Public Health as a short-term general hospital or a short-term children's hospital. "Specialty hospital" includes, but is not limited to, a psychiatric hospital or a chronic disease hospital, and (B) "children's general hospital" means a health care facility, as defined in section 19a-630, that is licensed by the Department of Public Health as a short-term children's hospital. "Children's general hospital" does not

include a specialty hospital.

(c) (1) (A) For each state fiscal year commencing on or after July 1, 2017, and prior to July 1, 2020, the Commissioner of Social Services shall seek approval from the Centers for Medicare and Medicaid Services to exempt financially distressed hospitals from the net revenue tax imposed on outpatient hospital services. Any such hospital for which the Centers for Medicare and Medicaid Services grants an exemption shall be exempt from the net revenue tax imposed on outpatient hospital services under subsection (a) of this section. Any hospital for which the Centers for Medicare and Medicaid Services denies an exemption shall be required to pay the net revenue tax imposed on outpatient hospital services under subsection (a) of this section.

(B) For purposes of this subdivision, "financially distressed hospital" means a hospital that has experienced over the five-year period from October 1, 2011, through September 30, 2016, an average net loss of more than five per cent of aggregate revenue. A hospital has an average net loss of more than five per cent of aggregate revenue if such a loss is reflected in the applicable years of financial reporting that have been made available by the Health Systems Planning Unit of the Office of Health Strategy for such hospital in accordance with section 19a-670. Upon said commissioner's receipt of a determination by the Centers for Medicare and Medicaid Services that a hospital is not exempt, the total audited net revenue from the provision of outpatient hospital services for fiscal year 2016 shall be increased by such hospital's audited net revenue from the provision of outpatient hospital services for fiscal year 2016 and the effective rate of the tax due under this section shall be adjusted to ensure that the total amount of such tax to be collected under subsection (a) of this section is redistributed, commencing with the calendar quarter next succeeding the date of the determination by the Centers for Medicare and Medicaid Services.

(2) (A) For each state fiscal year commencing on or after July 1, 2020, and prior to July 1, 2026, the Commissioner of Social Services shall seek approval from the Centers for Medicare and Medicaid Services to

exempt sole community hospitals from the net revenue tax imposed on outpatient hospital services. Any such hospital for which the Centers for Medicare and Medicaid Services grants an exemption shall be exempt from the net revenue tax imposed on outpatient hospital services under subsection (a) of this section. Any hospital for which the Centers for Medicare and Medicaid Services denies an exemption shall be required to pay the net revenue tax imposed on outpatient hospital services under subsection (a) of this section.

(B) For purposes of this subdivision, "sole community hospital" means a hospital that is classified by the Centers for Medicare and Medicaid Services for purposes of Medicare as a sole community hospital under 42 CFR 412.92. Upon said commissioner's receipt of a determination by the Centers for Medicare and Medicaid Services that a hospital is not exempt, the total audited net revenue from the provision of outpatient hospital services for fiscal year 2016 shall be increased by such hospital's audited net revenue from the provision of outpatient hospital services for fiscal year 2016 and the effective rate of the tax due under this section shall be adjusted to ensure that the total amount of such tax to be collected under subsection (a) of this section is redistributed, commencing with the calendar quarter next succeeding the date of the determination by the Centers for Medicare and Medicaid Services.

(3) Upon receipt of a determination by the Centers for Medicare and Medicaid Services under this subsection that a hospital is not exempt, said commissioner shall notify all hospitals subject to the tax under this section of such determination, the corresponding increase to the total audited net revenue for fiscal year 2016 and the change in any effective rate of the tax to be collected under subsection (a) of this section through the state fiscal year 2026. Such notice shall be provided prior to the end of the calendar quarter next succeeding the date of the determination by the Centers for Medicare and Medicaid Services. If a state fiscal year has commenced when such determination is made, the adjusted audited net revenue for fiscal year 2016 and the change in any effective rate of the tax to be collected under subsection (a) of this section shall be prorated

to take into account the amount of the tax already paid during the applicable state fiscal year.

(d) The commissioner shall issue guidance regarding the administration of the tax on inpatient hospital services and outpatient hospital services under subsection (a) of this section. Such guidance shall be issued upon completion of a study of the applicable federal law governing the administration of tax on inpatient hospital services and outpatient hospital services. The commissioner shall conduct such study in collaboration with the Commissioner of Social Services, the Secretary of the Office of Policy and Management, the Connecticut Hospital Association and the hospitals subject to the tax imposed on inpatient hospital services and outpatient hospital services.

(e) (1) The commissioner shall determine, in consultation with the Commissioner of Social Services, the Secretary of the Office of Policy and Management, the Connecticut Hospital Association and the hospitals subject to the tax imposed on inpatient hospital services and outpatient hospital services under subsection (a) of this section, if there is any underreporting of revenue on hospitals' audited financial statements. Such consultation shall only be as authorized under section 12-15. The commissioner shall issue guidance, if necessary, to address any such underreporting.

(2) If the commissioner determines, in accordance with this subsection, that a hospital underreported net revenue on its audited financial statements, the amount of underreported net revenue shall be added to the amount of net revenue reported on such hospital's audited financial statements so as to comply with federal law and the revised net revenue amount shall be used for purposes of calculating the amount of tax owed by such hospital under this section. For purposes of this subsection, "underreported net revenue" means any revenue of a hospital subject to the tax imposed under this section that is required to be included in net revenue from the provision of inpatient hospital services and net revenue from the provision of outpatient hospital services to comply with 42 CFR 433.56, as amended from time to time,

42 CFR 433.68, as amended from time to time, and Section 1903(w) of the Social Security Act, as amended from time to time, but that was not reported on such hospital's audited financial statements. Underreported net revenue shall only include revenue of the hospital subject to such tax.

(f) Nothing in this section shall affect the commissioner's obligations under section 12-15 regarding disclosure and inspection of returns and return information.

(g) The provisions of section 17b-8 shall not apply to any exemption or exemptions sought by the Commissioner of Social Services from the Centers for Medicare and Medicaid Services under this section.

Sec. 39. Section 12-263t of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

(a) (1) The commissioner may examine the records of any taxpayer subject to a tax or fee imposed under section 12-263q, as amended by this act, **[**or**]** 12-263r or section 35 of this act as the commissioner deems necessary. If the commissioner determines from such examination that there is a deficiency with respect to the payment of any such tax or fee due under section 12-263q, as amended by this act, **[**or**]** 12-263r or section 35 of this act, the commissioner shall assess the deficiency in tax or fee, give notice of such deficiency assessment to the taxpayer and make demand for payment. Such amount shall bear interest at the rate of one per cent per month or fraction thereof from the date when the original tax or fee was due and payable.

(A) When it appears that any part of the deficiency for which a deficiency assessment is made is due to negligence or intentional disregard of the provisions of this section or regulations adopted thereunder, there shall be imposed a penalty equal to ten per cent of the amount of such deficiency assessment, or fifty dollars, whichever is greater.

(B) When it appears that any part of the deficiency for which a

deficiency assessment is made is due to fraud or intent to evade the provisions of this section or regulations adopted thereunder, there shall be imposed a penalty equal to twenty-five per cent of the amount of such deficiency assessment. No taxpayer shall be subject to more than one penalty under this subdivision in relation to the same tax period. Not later than thirty days after the mailing of such notice, the taxpayer shall pay to the commissioner, in cash or by check, draft or money order drawn to the order of the Commissioner of Revenue Services, any additional amount of tax, penalty and interest shown to be due.

(2) Except in the case of a wilfully false or fraudulent return with intent to evade the tax or fee, no assessment of additional tax or fee shall be made after the expiration of more than three years from the date of the filing of a return or from the original due date of a return, whichever is later. Where, before the expiration of the period prescribed under this subsection for the assessment of an additional tax or fee, a taxpayer has consented, in writing, that such period may be extended, the amount of such additional tax due may be determined at any time within such extended period. The period so extended may be further extended by subsequent consents, in writing, before the expiration of the extended period.

(b) (1) The commissioner may enter into an agreement with the Commissioner of Social Services delegating to the Commissioner of Social Services the authority to examine the records and returns of any taxpayer subject to any tax or fee imposed under section 12-263q, as amended by this act, **[**or**]** 12-263r or section 35 of this act and to determine whether such tax has been underpaid or overpaid. If such authority is so delegated, examinations of such records and returns by the Commissioner of Social Services and determinations by the Commissioner of Social Services that such tax or fee has been underpaid or overpaid shall have the same effect as similar examinations or determinations made by the commissioner.

(2) The commissioner may enter into an agreement with the Commissioner of Social Services in order to facilitate the exchange of

returns or return information necessary for the Commissioner of Social Services to perform his or her responsibilities under this section and to ensure compliance with the state's Medicaid program.

(3) The Commissioner of Social Services may engage an independent auditor to assist in the performance of said commissioner's duties and responsibilities under this subsection. Any reports generated by such independent auditor shall be provided simultaneously to the department and the Department of Social Services.

(c) (1) The commissioner may require all persons subject to a tax or fee imposed under section 12-263q, as amended by this act, **[**or**]** 12-263r or section 35 of this act to keep such records as the commissioner may prescribe and may require the production of books, papers, documents and other data, to provide or secure information pertinent to the determination of the taxes or fees imposed under section 12-263q, as amended by this act, **[**or**]** 12-263r or section 35 of this act and the enforcement and collection thereof.

(2) The commissioner or any person authorized by the commissioner may examine the books, papers, records and equipment of any person liable under the provisions of this section and may investigate the character of the business of such person to verify the accuracy of any return made or, if no return is made by the person, to ascertain and determine the amount required to be paid.

(d) The commissioner may adopt regulations, in accordance with the provisions of chapter 54, to implement the provisions of sections 12-263q to 12-263x, inclusive, as amended by this act, and section 35 of this act.

Sec. 40. Subsection (a) of section 12-263u of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

(a) Any taxpayer subject to any tax or fee under section 12-263q, as amended by this act, **[**or**]** 12-263r or section 35 of this act, believing that

it has overpaid any tax or fee due under said sections, may file a claim for refund, in writing, with the commissioner not later than three years after the due date for which such overpayment was made, stating the specific grounds upon which the claim is founded. Failure to file a claim within the time prescribed in this subsection shall constitute a waiver of any demand against the state on account of overpayment. Within a reasonable time, as determined by the commissioner, following receipt of such claim for refund, the commissioner shall determine whether such claim is valid and, if so determined, the commissioner shall notify the Comptroller of the amount of such refund and the Comptroller shall draw an order on the Treasurer in the amount thereof for payment to the taxpayer. If the commissioner determines that such claim is not valid, either in whole or in part, the commissioner shall mail notice of the proposed disallowance in whole or in part of the claim to the taxpayer, which notice shall set forth briefly the commissioner's findings of fact and the basis of disallowance in each case decided in whole or in part adversely to the taxpayer. Sixty days after the date on which it is mailed, a notice of proposed disallowance shall constitute a final disallowance except only for such amounts as to which the taxpayer has filed, as provided in subsection (b) of this section, a written protest with the commissioner.

Sec. 41. Section 12-263v of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

(a) Any taxpayer subject to any tax or fee under section 12-263q, as amended by this act, **[**or**]** 12-263r or section 35 of this act that is aggrieved by the action of the commissioner, the Commissioner of Social Services or an authorized agent of said commissioners in fixing the amount of any tax, penalty, interest or fee under sections 12-263q to 12-263t, inclusive, as amended by this act, or section 35 of this act may apply to the commissioner, in writing, not later than sixty days after the notice of such action is delivered or mailed to such taxpayer, for a hearing and a correction of the amount of such tax, penalty, interest or fee, setting forth the reasons why such hearing should be granted and the amount by which such tax, penalty, interest or fee should be

reduced. The commissioner shall promptly consider each such application and may grant or deny the hearing requested. If the hearing request is denied, the taxpayer shall be notified immediately. If the hearing request is granted, the commissioner shall notify the applicant of the date, time and place for such hearing. After such hearing, the commissioner may make such order as appears just and lawful to the commissioner and shall furnish a copy of such order to the taxpayer. The commissioner may, by notice in writing, order a hearing on the commissioner's own initiative and require a taxpayer or any other individual who the commissioner believes to be in possession of relevant information concerning such taxpayer to appear before the commissioner or the commissioner's authorized agent with any specified books of account, papers or other documents, for examination under oath.

(b) Any taxpayer subject to any tax or fee under section 12-263q, as amended by this act, **[**or**]** 12-263r or section 35 of this act that is aggrieved because of any order, decision, determination or disallowance of the commissioner made under sections 12-263q to 12-263u, inclusive, as amended by this act, **[**or**]** subsection (a) of this section or section 35 of this act may, not later than thirty days after service of notice of such order, decision, determination or disallowance, take an appeal therefrom to the superior court for the judicial district of New Britain, which appeal shall be accompanied by a citation to the commissioner to appear before said court. Such citation shall be signed by the same authority and such appeal shall be returnable at the same time and served and returned in the same manner as is required in case of a summons in a civil action. The authority issuing the citation shall take from the appellant a bond or recognizance to the state of Connecticut, with surety, to prosecute the appeal to effect and to comply with the orders and decrees of the court in the premises. Such appeals shall be preferred cases, to be heard, unless cause appears to the contrary, at the first session, by the court or by a committee appointed by the court. Said court may grant such relief as may be equitable and, if such tax or charge has been paid prior to the granting of such relief, may order the Treasurer to pay the amount of such relief, with interest

at the rate of two-thirds of one per cent per month or fraction thereof, to such taxpayer. If the appeal has been taken without probable cause, the court may tax double or triple costs, as the case demands and, upon all such appeals that are denied, costs may be taxed against such taxpayer at the discretion of the court but no costs shall be taxed against the state.

Sec. 42. Section 12-263x of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

The amount of any tax, penalty, interest or fee, due and unpaid under the provisions of sections 12-263q to 12-263v, inclusive, as amended by this act, or section 35 of this act may be collected under the provisions of section 12-35. The warrant therein provided for shall be signed by the commissioner or the commissioner's authorized agent. The amount of any such tax, penalty, interest or fee shall be a lien on the real estate of the taxpayer from the last day of the month next preceding the due date of such tax until such tax is paid. The commissioner may record such lien in the records of any town in which the real estate of such taxpayer is situated but no such lien shall be enforceable against a bona fide purchaser or qualified encumbrancer of such real estate. When any tax or fee with respect to which a lien has been recorded under the provisions of this subsection has been satisfied, the commissioner shall, upon request of any interested party, issue a certificate discharging such lien, which certificate shall be recorded in the same office in which the lien was recorded. Any action for the foreclosure of such lien shall be brought by the Attorney General in the name of the state in the superior court for the judicial district in which the property subject to such lien is situated, or, if such property is located in two or more judicial districts, in the superior court for any one such judicial district, and the court may limit the time for redemption or order the sale of such property or make such other or further decree as it judges equitable. For purposes of section 12-39g, a fee under this section shall be treated as a tax.

Sec. 43. Section 3-114s of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

At the close of each fiscal year, [commencing with the fiscal year

ending June 30, 2018,**]** the Comptroller is authorized to record as revenue for each such fiscal year the amount of tax and fee imposed under sections 12-263q to 12-263x, inclusive, as amended by this act, and section 35 of this act, that is received by the Commissioner of Revenue Services not later than five business days after the last day of July immediately following the end of such fiscal year.

Sec. 44. Sections 359 to 364, inclusive, of public act 25-168 are repealed. (*Effective from passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	*from passage*	12-217(b)
Sec. 2	*from passage*	New section
Sec. 3	*from passage and applicable to taxable years commencing on or after January 1, 2026*	New section
Sec. 4	*from passage*	4-30a(a)
Sec. 5	*from passage*	PA 25-168, Sec. 42
Sec. 6	*from passage*	PA 25-168, Sec. 43
Sec. 7	*July 1, 2026*	PA 25-168, Sec. 472
Sec. 8	*July 1, 2026*	New section
Sec. 9	*July 1, 2026*	20-432(a) to (c)
Sec. 10	*October 1, 2026*	20-12j
Sec. 11	*October 1, 2026*	20-86g
Sec. 12	*October 1, 2026*	20-206ll(a)
Sec. 13	*October 1, 2026*	20-206mm(c)
Sec. 14	*October 1, 2026*	20-74h
Sec. 15	*October 1, 2026*	19a-88(a) to (c)
Sec. 16	*October 1, 2026*	19a-12d
Sec. 17	*October 1, 2026*	20-195c
Sec. 18	*October 1, 2026*	20-195o
Sec. 19	*October 1, 2026*	20-195cc
Sec. 20	*October 1, 2026*	20-333
Sec. 21	*October 1, 2026*	20-334a
Sec. 22	*October 1, 2026*	20-334e
Sec. 23	*October 1, 2026*	20-335
Sec. 24	*October 1, 2026*	20-331(g)

Sec. 25	*October 1, 2026*	10-145b(l)
Sec. 26	*October 1, 2026, and applicable to sales occurring on or after October 1, 2026*	12-330*ll*
Sec. 27	*January 1, 2027, and applicable to income and taxable years commencing on or after January 1, 2027*	New section
Sec. 28	*October 1, 2026, and applicable to sales occurring on or after October 1, 2026*	12-408(1)
Sec. 29	*October 1, 2026, and applicable to sales occurring on or after October 1, 2026*	12-411(1)
Sec. 30	*October 1, 2026, and applicable to sales occurring on or after October 1, 2026*	12-412(55)
Sec. 31	*from passage*	12-407e
Sec. 32	*from passage*	12-217jj
Sec. 33	*from passage*	New section
Sec. 34	*July 1, 2026*	New section
Sec. 35	*July 1, 2026*	New section
Sec. 36	*July 1, 2026*	12-263s
Sec. 37	*July 1, 2026*	12-263aa
Sec. 38	*July 1, 2026*	12-263q
Sec. 39	*July 1, 2026*	12-263t
Sec. 40	*July 1, 2026*	12-263u(a)
Sec. 41	*July 1, 2026*	12-263v
Sec. 42	*July 1, 2026*	12-263x
Sec. 43	*July 1, 2026*	3-114s
Sec. 44	*from passage*	Repealer section

FIN *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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
	General Fund – Transfers	13.1	21.4	-	Section 6

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	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	
Increases the sales tax exemption for certain	General Fund – Sales Tax	-	(2.5)	(3.5)	Section 30

Revenue Impacts in $ millions					
Policy	**Fund – Acct impacted**	**FY 26**	**FY 27**	**FY 28**	**Reference**
personal property used in burials and cremations from $2,500 to $10,000	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)

OLR Bill Analysis

sSB 84

AN ACT CONCERNING ADJUSTMENTS TO STATE REVENUE.

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SUMMARY

This bill makes various changes to state taxes and fees, and adjustments to the FY 26-27 biennial budget act, as described in the section-by-section analysis below.

EFFECTIVE DATE: Various, see below.

§§ 1 & 2 — CORPORATION BUSINESS TAX

Decouples the state corporation business tax from the federal bonus depreciation deduction for qualified production property, starting with the 2026 income year; delays, by one year, conforming the state corporation business tax to recent changes to the federal deduction for domestic R&E expenditures and disallows the retroactive application of these changes for the 2022 to 2025 income years; generally exempts corporation business taxpayers from penalties and interest on any additional tax due to these changes

Qualified Production Property (§ 1)

Beginning with the 2026 income year, the bill disallows the federal bonus depreciation deduction for qualified production property (26 U.S. C. § 168(n)). In doing so, it requires taxpayers to add back this deduction when calculating their net income for Connecticut's corporation business tax. Existing law already disallows the federal bonus depreciation deduction that applies to other qualifying property (26 U.S.C. § 168(k)).

The federal FY 25 reconciliation act (P.L. 119-21) allows federal corporation income taxpayers to take a 100% bonus depreciation allowance for qualified production property, rather than depreciating the costs over 39 years. Under federal law, qualified production property is generally manufacturing-related real property, other than property used for offices, lodging, sales, research, software development, parking, and other non-manufacturing functions. To qualify for this tax treatment, the property must be built after January 19, 2025, and before January 1, 2029, and placed in service before January 1, 2031.

Research and Experimental (R&E) Expenditures (§ 1)

Starting in 2025, P.L. 119-21 allows federal corporation income taxpayers to deduct domestic R&E expenditures in the year paid or incurred, rather than requiring them to capitalize and amortize the expenses over five or, if elected, over 10 years. Under the bill, this federal treatment of R&E expenditures flows through for Connecticut corporation business tax purposes beginning only in the 2026 income year. Specifically, the bill disallows this deduction for Connecticut tax purposes for the 2025 income year and instead requires any R&E expenditures paid or incurred for the 2022 through 2025 income years to be deducted as allowed under the federal law on amortizing R&E expenditures in effect on July 3, 2025 (before P.L. 119-21 took effect).

P.L. 119-21 also gives eligible small business taxpayers (generally those with average annual gross receipts below a specified threshold ($31 million or less for 2025)) the option to retroactively apply this change starting with the 2022 tax year. Taxpayers making this federal election must do so by July 4, 2026, and file an amended return for each affected tax year. The bill disallows the retroactive application of this change starting with the 2022 tax year.

Relief From Penalties and Interest on Related Tax Underpayments (§ 2)

The bill exempts corporation business taxpayers from interest on estimated tax underpayments for any additional tax due because of the changes described above. Specifically, the exemption applies to underpayments for (1) income years starting on or after January 1, 2026, but before the bill's passage, for the change made to the qualified production property deduction and (2) the 2022 through 2025 income years for the changes to the R&E deduction.

The bill also requires the Department of Revenue Services (DRS) commissioner to waive any interest or penalties for any part of an underpayment for the 2022 through 2025 income years because of the changes to the R&E deduction if the taxpayer pays the additional tax by (1) November 15, 2026, or (2) the due date for the tax return on which

they report the additional tax, regardless of any filing extension. Taxpayers must submit evidence that they are eligible for this waiver as the DRS commissioner prescribes.

EFFECTIVE DATE: Upon passage

§ 3 — RESEARCH AND DEVELOPMENT TAX CREDIT FOR QUALIFIED SMALL BUSINESSES

Creates an income tax credit for qualifying small businesses that incur eligible R&D spending in Connecticut and requires DECD to administer a tax credit voucher system for the credit; Caps the maximum amount of these credits that DECD can reserve each tax year at $1.5 million per business and $25 million in total

The bill creates a tax credit for qualifying small businesses that incur eligible research and development (R&D) spending in Connecticut and allows the businesses's owners to claim the credit against their personal income tax liability (other than income tax withholding). It requires the Department of Economic and Community Development (DECD) to administer a voucher system for the credit program within available appropriations. Qualified small businesses must apply for and receive a credit voucher to claim the credit, which equals 6% of the R&D spending they pay or incur for a tax year.

Eligible R&D Spending

Under the bill, credit-eligible R&D spending generally includes the same two categories of expenditures that are eligible under the state's existing corporation R&D tax credit: (1) federally deductible R&D expenditures the business incurs and (2) qualifying "basic research payments" that are eligible for a federal R&D tax credit. The first category of credit-eligible spending generally includes the R&D expenditures a business incurs to develop or improve a product (current-year R&D expenditures deductible under 26 USCA § 174, as in effect on May 28, 1993, and determined without regard to the federal credit for increasing research activities). The second category includes payments made to qualifying nonprofit educational institutions, scientific research organizations, or grant organizations for eligible research.

In both cases, the expenditures or payments must (1) be paid or

incurred for R&D and basic research done in Connecticut and (2) not be funded by any grant or contract with a public or private entity.

Qualified Small Businesses

To qualify for the credit, the business must be an S corporation or entity considered a partnership for federal income tax purposes, such as a limited liability company (LLC), and have gross income for the previous tax year of $70 million or less, including income derived from transactions with related entities, as determined by the DECD commissioner. (S corporations and partnerships are generally referred to as pass-through businesses because their profits "pass-through" to their owners and are taxed as part of the owners' personal income tax.)

Credit Administration

Reserving Credits. Under the bill, a qualified small business may apply to the DECD commissioner to reserve a credit allocation based on the amount of R&D spending it intends to pay or incur for a tax year. The commissioner may reserve a credit for the business based on this amount, and notify the business of its reserved credit, if he determines that it is likely to pay or incur R&D spending for the tax year.

The bill caps the maximum amount of these credits that can be reserved each tax year at $1.5 million per business and $25 million in total. In deciding whether to issue credit reservation notices, the commissioner must prioritize qualified small businesses that, in his opinion, show a likelihood for in-state growth or will best contribute to the state's economic ecosystem.

The commissioner must set the credit application form and process and may require the application to contain any information he finds necessary to administer the credit program. Additionally, he may adopt regulations to implement the credit.

Issuing Vouchers. Within 90 days after the end of a tax year, a qualified small business that received a credit reservation notice must verify the R&D spending it paid or incurred for the tax year as the DECD commissioner prescribes. In reviewing this verification, if the

commissioner determines that the business paid or incurred the spending, he must issue the business a tax credit voucher for 6% of the expenses. The voucher's amount cannot exceed the business's credit reservation.

The DECD commissioner must notify the DRS commissioner and Office of Policy and Management (OPM) secretary about each tax credit voucher issued under the program.

Credit Claims and Refunds

Under the bill, if the qualified small business is an S corporation or entity treated as a partnership for federal income tax purposes, its shareholders or partners may claim the credit. If it is a single member LLC that is disregarded as an entity separate from its owner, the owner may claim the credit if he or she is subject to income tax.

Taxpayers claiming the credit must apply it before applying any other income tax credits. If the credit exceeds the taxpayer's income tax liability, the bill allows the taxpayer to apply to the DRS commissioner to exchange it for a partial refund for the excess amount when filing the tax return on which it claimed the credit.

The refund amount equals 90% of the excess for credits earned by biotechnology businesses and 65% for credits earned by other qualified small businesses. Under the bill, a "biotechnology business" is one that applies certain technologies (such as biochemistry or genetics) to produce or modify products, improve plants or animals, identify targets for small molecule pharmaceutical development, transform biological systems into useful processes and products, or develop microorganisms for specific uses.

EFFECTIVE DATE: Upon passage and applicable to tax years starting on or after January 1, 2026.

§ 4 — VOLATILITY CAP THRESHOLD

Increases the volatility cap threshold for FY 26 by $650 million, from $4,728.6 million to $5,378.6 million, and resets it for FY 27 at $5,009.1 million

The bill increases the volatility cap threshold for FY 26 by $650 million, from $4,728.6 million to $5,378.6 million, and resets it for FY 27 at $5,009.1 million (the estimated FY 27 threshold based on January consensus revenue estimates). For FY 28 and after, it requires the $5,009.1 million threshold to be annually adjusted for inflation as under existing law (based on the compound annual growth rate of state personal income over the preceding five calendar years, using U.S. Bureau of Economic Analysis data).

The "volatility cap" is a mechanism for diverting volatile tax revenue to the Budget Reserve Fund (BRF). It requires the state treasurer to transfer to the BRF any revenue the state receives each fiscal year over the applicable threshold from (1) personal income tax estimated and final payments (generated from taxpayers who make estimated income tax payments on a quarterly basis) and (2) the passthrough entity tax.

By law, the legislature may amend the threshold amount, by a vote of three-fifths of the members of each house, due to changes in state or federal tax law or policy or significant adjustments to economic growth or tax collections.

EFFECTIVE DATE: Upon passage

§ 5 — TRANSFER OF FY 26 GENERAL FUND REVENUE TO FY 27

Decreases, by $30 million, the amount of FY 26 General Fund resources the state comptroller must transfer to be accounted for as FY 27 General Fund revenue

The FY 26-27 biennial budget act currently requires the state comptroller, by June 30, 2026, to transfer $244 million of FY 26 General Fund resources to be accounted for as FY 27 General Fund revenue. The bill decreases this required transfer by $30 million, to $214 million.

EFFECTIVE DATE: Upon passage

§ 6 — GENERAL FUND TRANSFER TO THE MUNICIPAL REVENUE SHARING FUND

Decreases, by $13.1 million for FY 26 and $21.4 million for FY 27, the required transfers from the General Fund to the Municipal Revenue Sharing Fund

The bill reduces the required transfers from the General Fund to the

Municipal Revenue Sharing Fund by (1) $13.1 million for FY 26, from $101 million to $87.9 million, and (2) $21.4 million for FY 27, from $90 million to $68.6 million.

EFFECTIVE DATE: Upon passage

§§ 7 & 8 — MUNICIPAL AID TO LEDYARD AND MONTVILLE

Shifts the funding source for municipal aid grants to Ledyard and Montville in FY 27 from Other Expenses to the Mashantucket Pequot and Mohegan Fund

The FY 26-27 biennial budget act earmarks $800,000 each to Ledyard and Montville for FY 27. The bill shifts the funding source for these municipal aid grants from Other Expenses to the Mashantucket Pequot and Mohegan Fund.

EFFECTIVE DATE: July 1, 2026

§ 9 — HOME IMPROVEMENT GUARANTY FUND

Increases, from $750,000 to $1 million, the Home Improvement Guaranty Fund's annual maximum balance

The bill increases the Home Improvement Guaranty Fund's annual maximum balance from $750,000 to $1 million. By law, unchanged by the bill, if the fund's balance exceeds the cap, the first $400,000 of the excess is transferred into the Department of Consumer Protection's consumer protection enforcement account and the remainder is transferred to the General Fund.

The Home Improvement Guaranty Fund generally reimburses consumers who are unable to collect on losses for damages caused by a registered home improvement contractor. Contractors and home improvement salespeople pay an annual fee to the fund ($100 and $40, respectively).

EFFECTIVE DATE: July 1, 2026

Background — Related Bill

sHB 5224 (File 185), favorably reported by the General Law Committee, makes minor changes to the Home Improvement Guaranty Fund law, including requiring an applicant for an award to provide a

signed, sworn statement that he or she made a good faith effort to collect what is owed before receiving a payment from the fund.

§§ 10-25 — OCCUPATIONAL LICENSE OR CERTIFICATION FEES

Eliminates numerous occupational license or certification fees

The FY 26-27 biennial budget act eliminated occupational license or certification fees for specified health care professionals and educators. The bill eliminates the (1) applicable renewal fees for these specified professionals and (2) initial and applicable renewal fees for other occupational licenses or certifications, including various tradespeople and educators.

The following table lists the occupational license or certification fees eliminated under the bill. It also makes technical and conforming changes, including eliminating a provision that requires $2 from each registered nurse (RN) or licensed practical nurse (LPN) license renewal fee to be transferred to the professional assistance program account until January 1, 2028 (§ 16).

Table: Occupational License Fees Eliminated Under the Bill

§	Citation	Occupational License or Certification	Current Fee
10	20-12j	Physician assistant license renewal	$155
11	20-86g	Midwife renewal license	15
12	20-260ll	Paramedic license renewal	155
13	20-206mm	Certified EMT as licensed paramedic renewal	155
14	20-74h	Occupational therapist and occupational therapy assistant license renewal	205
15	19a-88	Dental hygienist license renewal	105
15	19a-88	RN license renewal	110
15	19a-88	Retired RN license renewal	15
15	19a-88	Advanced practice registered nurse license renewal	130
15	19a-88	Retired advanced practice registered nurse license renewal	17
15	19a-88	LPN license renewal	70
15	19a-88	Retired LPN license renewal	11
15	19a-88	Nurse-midwife license renewal	130
15	19a-88	Physical therapist license renewal	105
15	19a-88	Physical therapist assistant license renewal	65

§	Citation	Occupational License or Certification	Current Fee
17	20-195c	Marital and family therapist license renewal	200
17	20-195c	Marital and family therapist associate license renewal	125
18	20-195o	Clinical social worker license renewal	200
18	20-195o	Master social worker license renewal	125
19	20-195cc	Professional counselor license renewal	200
19	20-195cc	Professional counselor associate renewal	125
20, 23	20-333, 20-335	Electrical unlimited or limited contractor: (1) application fee and (2) initial and renewal license	(1) 150 (2) 150
20, 23	20-333, 20-335	Electrical unlimited or limited journeyperson: (1) application fee and (2) initial and renewal license	(1) 90 (2) 120
20, 23	20-333, 20-335	Solar electric limited contractor: (1) application fee and (2) initial and renewal license	(1) 150 (2) 150
20, 23	20-333, 20-335	Solar electric limited journeyperson: (1) application fee and (2) initial and renewal license	(1) 90 (2) 120
20, 23	20-333, 20-335	Heating, piping, and cooling unlimited or limited contractor: (1) application fee and (2) initial and renewal license	(1) 150 (2) 150
20, 23	20-333, 20-335	Heating, piping, and cooling unlimited or limited journeyperson: (1) application fee and (2) initial and renewal license	(1) 90 (2) 120
20, 23	20-333, 20-335	Heating, piping, and cooling stationary engineer: (1) application fee and (2) initial and renewal license	(1) 90 (2) 120
20, 23	20-333, 20-335	Plumbing and piping unlimited or limited contractor: (1) application fee and (2) initial and renewal license	(1) 150 (2) 150
20, 23	20-333, 20-335	Plumbing and piping unlimited journeyperson: (1) application fee and (2) initial and renewal license	(1) 90 (2) 120
20, 23	20-333, 20-335	Sheet metal work limited contractor: (1) application fee and (2) initial and renewal license	(1) 150 (2) 150
20, 23	20-333, 20-335	Sheet metal work limited journeyperson: (1) application fee and (2) initial and renewal license	(1) 90 (2) 120
25	10-145b	Provisional educator certificate	250
25	10-145b	Professional educator certificate	375
25	10-145b	Adult educator program teacher certificate	100
25	10-145b	Issuance of subject area endorsement	100

EFFECTIVE DATE: October 1, 2026

§ 26 — TAX ON CANNABIS SALES

Replaces the current state taxes on retail sales of cannabis plant material, cannabis edible products, and other cannabis with a single tax

The bill replaces the current state taxes on retail sales of cannabis plant material, cannabis edible products, and other cannabis (which are 0.625 cents, 2.75 cents, and 0.9 cents, respectively, per milligram of total THC reflected on its label) with a single tax of 10.75% of a retailer's gross receipts from cannabis sales.

As under existing law, the tax applies to sales by a cannabis retailer, hybrid retailer, or micro-cultivator. It does not apply to (1) sales of cannabis for palliative (medical) use; (2) sales of cannabis by a delivery service to a consumer; or (3) the transfer of cannabis to a transporter for transport to any other cultivator, micro-cultivator, food and beverage manufacturer, product manufacturer, product packager, dispensary facility, cannabis retailer, hybrid retailer, or producer.

Under existing law and the bill, retailers and micro-cultivators must collect the tax from consumers at the time of sale (except for the exempt sales described above). The tax applies in addition to the 3% municipal cannabis tax and the 6.35% state general sales tax.

Relatedly, the bill increases, from 65% to 70%, the amount of cannabis tax revenue directed to the social equity and innovation account for FYs 27 and 28 and correspondingly decreases the amount directed to the General Fund for those years, from 10% to 5%.

The bill also makes technical and conforming changes, including deleting an obsolete definition.

EFFECTIVE DATE: October 1, 2026, and applicable to sales occurring on or after that date.

Background — Cannabis Terms

By law, "cannabis" has the same meaning as "marijuana," which is all parts of a plant or species of the genus cannabis, whether growing or not, and including its resin, compounds, manufactures, salts, derivatives, mixtures, and preparations; high-THC hemp products; manufactured cannabinoids; or cannabinon, cannabinol, cannabidiol (CBD), and similar compounds, except CBD derived from hemp.

Marijuana and cannabis do not include the following:

1. a plant's mature stalks; fiber made from the stalks; oil or cake made from the plant's seeds; a compound, manufacture, salt, derivative, mixture, or preparation made from the stalks other than the extracted resin;

2. the plant's seeds;

3. hemp with a total THC concentration of up to 0.3% on a dry weight basis that is not a high-THC product;

4. any substance the federal Food and Drug Administration approves as a drug and that is reclassified in any controlled substance schedule, or that it un-schedules; or

5. infused beverages.

A "cannabis edible product" is a product containing cannabis or cannabis concentrate, combined with other ingredients, that is intended to be ingested, including by sublingual or oral absorption.

"Cannabis plant material" is the cannabis flower, trim, and all parts of the cannabis plant or species, excluding (1) a growing plant and its seeds or (2) hemp as defined under state law.

"Total THC" is the sum of the percentage by weight of tetrahydrocannabinolic acid, multiplied by 0.877, plus the percentage of weight of THC.

Background — Social Equity and Innovation Account

The social equity and innovation account's money must be allocated by the OPM secretary for purposes that the Social Equity Council determines further the principles of equity and may include providing (1) access to capital for businesses in any industry, (2) technical assistance for the start-up and operation of a business in any industry, (3) funding for workforce education in any industry, (4) funding community investments, and (5) funding investments in

disproportionately impacted areas.

Background — Related Bills

sSB 405 (File 303), § 2, favorably reported by the Public Safety and Security Committee, reduces, by 5%, the amount of tax revenue the social equity and innovation account receives under current law (from 65% to 60% in FYs 27 and 28 and from 75% to 70% starting in FY 29).

sHB 5109, favorably reported by the Finance, Revenue and Bonding Committee, has identical provisions.

sHB 5350 (File 401), §§ 17 & 47, favorably reported by the General Law Committee, make several changes to the definition of cannabis.

§ 27 — MILK PRODUCER REFUNDABLE TAX CREDIT

Establishes a refundable tax credit for milk producers that they may earn when the federally set milk price is lower than the cost of production

The bill establishes a refundable tax credit for "milk producers" (people, firms, and corporations registered with the Department of Agriculture (DoAg) as producers of milk for pasteurization). The credit amount is calculated using the same formula that is used for an existing state grant program that pays milk producers based on, generally, (1) the federally set milk price and (2) an amount needed to sustain state dairy operations.

The credit is available starting with the 2027 income and tax year and may be applied against the corporation business or personal income tax, but not the withholding tax. The bill caps the total amount of credits that may be reserved for this program at $8 million per year.

EFFECTIVE DATE: January 1, 2027, and applicable to income and tax years starting on or after that date.

Milk Pricing and Terms

Federal law governs the price paid to dairy farmers for milk. Generally, U.S. Department of Agriculture (USDA) marketing orders set the price for milk and milk products by region. One order sets the price paid in the New England and Mid-Atlantic states and is broken down

into class 1 (fluid) milk and various other classes of milk products.

Under existing law and the bill, "federal pay price" is the northeast monthly uniform price for milk in the Hartford zone pursuant to the USDA Northeast Federal Milk Marketing Order. "Minimum sustainable monthly cost of production" is 82% of the baseline the USDA's Economic Research Service determines as the monthly average cost of production for a New England state, or, if the baseline is unavailable, a baseline determined by the DoAg commissioner using data and variables published by USDA.

Credit Formula, Reservations, and Vouchers

Under the bill, for each month of the income and tax year that the federal pay price is below the minimum sustainable monthly cost of production, the tax credit equals the difference between the federal pay price and the minimum sustainable monthly cost of production, multiplied by the amount of milk a milk producer produced during the month.

Under the bill, milk producers may apply to the DoAg commissioner to reserve a credit allocation. The commissioner must create the application form, which must include the information he needs to administer the tax credit program. Relatedly, the bill requires milk producers to file with the commissioner information to support the amount of milk they produced, in a way he prescribes. Once verified, the commissioner must issue the milk producer a voucher for its credit amount. The milk producer must file this voucher with its state tax return for the applicable income or tax year.

Credit Claims

If the milk producer is an S corporation or treated as a partnership for federal income tax purposes, the milk producer's shareholders and partners may claim the credit. If the milk producer is a single member LLC that is disregarded as an entity separate from its owner, the LLC's owner may claim the credit, as long as the owner is subject to either the corporation business or personal income tax.

Credit Refundability

As is the case under existing law for most other refundable tax credits, the bill requires the DRS commissioner to refund, without interest, any amount of the tax credit that exceeds a milk producer's liability, unless he retains the refund, which, by law, he may do if the milk producer (1) owes state or municipal taxes or other obligations or (2) is in default of a student loan made by the Connecticut Student Loan Foundation or the Connecticut Higher Education Supplemental Loan Authority.

Background — Related Bill

sHB 5570 (File 672), favorably reported by the Finance, Revenue and Bonding Committee, has identical provisions.

§§ 28 & 29 — SALES AND USE TAX ON PEER-TO-PEER CAR SHARING

Explicitly subjects short-term peer-to-peer car sharing to the 9.35% sales and use tax rate applicable to passenger motor vehicle rentals or leases and directs this revenue to the Special Transportation Fund

The bill explicitly subjects short-term peer-to-peer (P2P) car sharing to sales and use tax at the 9.35% rate that applies to short-term car rentals or leases under existing law (see *Background — DRS Guidance on P2P Car Sharing and Sales and Use Tax*). As with car rentals and leases, the 9.35% tax rate applies only to P2P car sharing for periods of 30 consecutive days or less. By law, car rentals and leases for longer periods are subject to sales and use tax at the 6.35% rate.

Under the bill, the revenue from sales and use tax on short-term P2P car sharing must be directed to the Special Transportation Fund, starting with calendar quarters ending on or after December 31, 2026.

EFFECTIVE DATE: October 1, 2026, and applicable to sales occurring on or after that date.

Background — DRS Guidance on P2P Car Sharing and Sales and Use Tax

In 2021, DRS issued guidance stating that P2P car sharing constitutes a lease of a motor vehicle under the sales and use tax laws and is taxable

if the sale is made by a retailer (and not on a casual or isolated basis). The guidance notes that 9.35% sales tax applies to the rental or lease of a passenger motor vehicle for a period of 30 consecutive days or less.

It further concluded that a P2P car sharing company that meets the law's definition of a marketplace facilitator must collect and remit tax on sales that take place on its platform. (Marketplace facilitators are generally businesses that (1) facilitate retail sales of at least $250,000 during the previous 12-month period for sellers by providing a forum that lists or advertises the sellers' goods and services, (2) collect receipts from customers, (3) remit payments to sellers, and (4) are compensated for their services. By law, they are considered retailers for these sales and therefore must collect and remit sales tax for them.)

Background — Related Bill

sHB 5443, §§ 1 & 2, favorably reported by the Finance, Revenue and Bonding Committee, includes identical provisions.

§§ 28 & 29 — MOTOR VEHICLES SUBJECT TO LUXURY TAX RATE

Increases the sales price threshold for a motor vehicle subject to the 7.75% sales and use tax rate from $50,000 to $75,000

The bill increases, from $50,000 to $75,000, the sales price threshold for motor vehicles subject to the 7.75% sales and use tax rate (known as the luxury tax rate).

By law, this rate applies to the full sales price of motor vehicles costing more than the threshold amount, except for vehicles (1) purchased by an active duty U. S. military member stationed in Connecticut; (2) weighing over 12,500 pounds; or (3) weighing 12,500 pounds or less that are designed or used for commercial purposes and issued a commercial or more specific type of registration from the Department of Motor Vehicles.

EFFECTIVE DATE: October 1, 2026, and applicable to sales occurring on or after that date.

Background — Related Bill

sHB 5443, §§ 1 & 2, favorably reported by the Finance, Revenue and Bonding Committee, includes identical provisions.

§§ 28 & 29 — MEALS AND BEVERAGES TAX DIVERSION TO TOURISM FUND

Directs 50% of the additional 1% sales and use tax on meals and beverages to the Tourism Fund

Existing law imposes an additional 1% tax on meals and certain beverages that applies on top of the 6.35% sales and use tax rate. Starting October 1, 2026, the bill directs half of the revenue from this 1% tax to the Tourism Fund.

Under current law, the Tourism Fund receives 10% of room occupancy tax revenue.

EFFECTIVE DATE: October 1, 2026, and applicable to sales occurring on or after that date.

Background — Related Bills

sHB 5443, §§ 1 & 2, favorably reported by the Finance, Revenue and Bonding Committee, includes identical provisions.

sSB 1, § 7, favorably reported by the Finance, Revenue and Bonding Committee, exempts from sales and use tax sandwiches, grinders, coffee, and tea prepared and sold in a supermarket for takeout, other than when they are sold in the food court or snack bar area (which are currently subject to the additional 1% meals and beverages tax).

sSB 2, §§ 2-5, favorably reported by the Finance, Revenue and Bonding Committee, dedicates half of the additional 1% tax on meals and beverages to the Tourism Fund and the other half to a new municipal diversification account, starting October 1, 2026.

§ 30 — PERSONAL PROPERTY USED IN BURIALS AND CREMATIONS

Increases the sales and use tax exemption for certain personal property used in burials and cremations from $2,500 to $10,000

Current law exempts from the 6.35% sales and use tax property sold

by funeral homes and used directly in preparing and conducting burials and cremations, up to $2,500 per funeral. The bill increases this exemption to up to $10,000 per funeral.

EFFECTIVE DATE: October 1, 2026, and applicable to sales occurring on or after that date.

Background — Related Bill

sHB 5443, § 3, favorably reported by the Finance, Revenue and Bonding Committee, includes an identical provision.

§ 31 — SALES TAX FREE WEEK

Increases the exemption amount for "sales tax free week" from $100 to $300 and adds backpacks and cleated shoes to the list of exempt items

The bill expands the sales and use tax exemption for clothing and footwear sold from the third Sunday in August through the following Saturday (sales tax free week) to (1) items costing less than $300, rather than $100, and (2) backpacks and cleated shoes costing less than $300. Basketball and running shoes (without cleats) are already exempt under current DRS guidance.

Under current law, during this week, the state's 6.35% sales and use tax does not apply to clothing and footwear costing less than $100, except for (1) special athletic and protective clothing and footwear not normally worn except for its specialized use and (2) jewelry, handbags, luggage, umbrellas, wallets, watches, and similar items that people carry but do not wear.

EFFECTIVE DATE: October 1, 2026, and applicable to sales occurring on or after that date.

Background — Related Bills

sSB 1, §§ 1 & 7, favorably reported by the Finance, Revenue and Bonding Committee, exempts from sales and use tax (1) nonelectronic school supplies, including backpacks, and (2) clothing and footwear costing less than $100 (and correspondingly eliminates "sales tax free week" for these items).

sHB 5443, § 4, favorably reported by the Finance, Revenue and Bonding Committee, includes a similar provision increasing the exemption amount for "sales tax free week" from $100 to $300 and adding backpacks to the list of exempt items.

§ 32 — FILM AND DIGITAL MEDIA TAX CREDIT

Extends, to the 2026 and 2027 income years, the increased redemption rate for film and digital media tax credits claimed against the sales tax

Existing law allows eligible production companies and certain taxpayers to whom they transfer credits (transferees) to apply film and digital media production tax credits against the sales and use tax at a reduced amount of their face value. The law temporarily increased this amount from 78% to 92% of the credits' value for the 2024 and 2025 income years. The bill extends this 92% redemption rate for two additional years, to the 2026 and 2027 income years.

As under existing law, transferees may claim these credits against the sales and use tax only if there is at least 50% common ownership between the transferee and the eligible production company that sold, assigned, or otherwise transferred the credits. The credits may also be claimed against the corporation business and insurance premiums taxes at full face value and the community antenna television systems tax at a reduced value.

EFFECTIVE DATE: Upon passage

§ 33 — COMMUNITY PARTNERSHIP OPPORTUNITY AGREEMENTS

Creates a program within DECD designed to increase educational achievement and workforce skills in communities experiencing persistent economic disadvantages through partnerships between DECD and specified stakeholders

The bill creates a program within DECD designed to increase educational achievement and workforce skills in communities experiencing persistent economic disadvantages through partnerships between DECD and specified stakeholders (participating investors, certified community development corporations (CDCs, see *Background — CDC Certification Process and Grant Eligibility*), service providers, and independent evaluators). These partnerships are commonly referred to

as social impact bonds.

Under the bill, DECD and these stakeholders must enter into "community partnership opportunity agreements" under which participating investors commit capital to fund specified education and workforce development programs offered by eligible service providers. The programs are tied to specific performance outcomes over a five-year period and their progress must be measured by an independent evaluator. If the programs achieve the performance metrics outlined in the agreement, investors are repaid their investment plus a performance-based premium, in the form of a "success payment" from DECD.

Under the bill, a community partnership opportunity agreement must first be proposed by a certified CDC and then approved by DECD if it meets the bill's criteria. The bill sets specific requirements for these agreements, including that they have (1) a five-year performance period; (2) performance metrics, progress milestones, and evaluation methodologies; and (3) a success payment contract.

The bill also establishes the community partnership opportunity account as a separate, nonlapsing account to hold any moneys the law requires to be deposited in it. Under the bill, any funds participating investors provide must be deposited in the account. DECD must use the account to fund the program and specifically to pay for (1) implementing the specified initiatives, (2) evaluating their performance, and (3) making the success payments. The state treasurer must invest the moneys in the account subject to use for the program's purposes.

Lastly, the DECD commissioner must annually report to the Finance, Revenue and Bonding Committee on each of these agreements, for each year of the agreement's five-year period. For each year, the reports must describe the results of any performance metrics or progress evaluations done and summarize the certified CDC's initiatives.

EFFECTIVE DATE: Upon passage

Community Partnership Opportunity Agreements

Required Components for All Agreements. Under the bill, the community partnership opportunity agreements must at least include the following:

1. a five-year performance period that begins when the agreement is executed and includes (a) specified periods for delivering services and measuring outcomes and (b) when baseline performance and progress is measured;

2. performance metrics and progress milestones, including how and when they are evaluated;

3. participating investors, which can include private, philanthropic, or mission-driven investors, and their capital commitment;

4. the certified CDC that will coordinate the agreement's initiatives to achieve its specified performance metrics and progress milestones, and the fee for these services;

5. the implementing organization, as described below, and the fee for its services;

6. the independent evaluator, which will evaluate the performance metrics and progress milestones and verify that they have been met, and the fee for its services; and

7. a success payment contract, as described below.

Any amendments to these agreements must be agreed to, in writing, by all the parties.

Requirements for Education Outcome Agreements. These agreements must focus on achieving measurable improvements in kindergarten-readiness and grade-three reading proficiency for children living in the community the certified CDC serves. They must include performance metrics for:

1. kindergarten-readiness that are based on increasing the percentage of these children who meet the state's standard for kindergarten-readiness at enrollment and

2. grade three literacy proficiency that are based on increasing the percentage of these children achieving grade-level reading proficiency by grade three, regardless of which school they attend.

Requirements for Workforce Outcome Agreements. These agreements must focus on increasing workforce skills attainment and career-linked employment for working-age people living in the community the certified CDC serves. They must include performance metrics like industry-recognized credential attainment and placement in career-path jobs with specific wage and retention milestones.

Implementing Organizations. Under the bill, implementing organizations are responsible for delivering the services or interventions to achieve the community partnership agreement's performance metrics. They can be one of three types:

1. an "early childhood implementing organization," which is any school or for-profit or nonprofit organization with the professional capacity to provide preschool or early childhood instruction designed to increase kindergarten-readiness;

2. a "literacy implementing organization," which is any school, for-profit, or nonprofit organization with the professional capacity to provide intensive tutoring or reading interventions for ensuring grade-level reading proficiency by grade three; or

3. a "workforce implementing organization," which is a higher education institution or for-profit or nonprofit organization capable of providing training in specialized skills, such as health care, manufacturing, or other high-demand fields.

Independent Evaluator. An "independent evaluator" is the person or entity responsible for measuring performance metrics and progress

milestones using the methods laid out in the agreement and verifying that they have been met. It may be an academic institution, professional consultant, or organization with a documented history of verifying performance-based program outcomes. It must have expertise in the agreement's specific subject matter and may not have a financial interest in the agreement's outcome, other than the fee for its evaluation services.

Success Payment Contract. The agreement's success payment contract must establish a schedule of success payments to participating investors that are contingent on the agreement achieving its performance metrics. The schedule must include the repayment of the investors' capital, a performance-based premium on that amount, and the maximum success payment obligation. The bill specifies that these payments are to recognize the (1) acquisition of a high-yield economic asset once the performance metrics are achieved and (2) projected lifetime value of these achievements to the state.

Under the bill, the DECD commissioner must make these payments as authorized capital expenditures. The legal effect of this provision is unclear.

Proposals

The bill requires each certified CDC to submit a proposal to the DECD commissioner to enter into a community partnership opportunity agreement that includes the names and contact information of the agreement's other required stakeholders. The commissioner must help the CDC prepare the proposal.

The proposal must include enough information to demonstrate, to the commissioner's satisfaction, that:

1. the implementing organizations have the necessary experience in delivering the applicable evidence-based interventions in distressed municipalities (see *Background — Distressed Municipalities*),

2. the proposed intervention model is designed to reach at least 20% of the people living in the community the certified CDC serves that are (a) children grade three or younger or (b) working-age residents,

3. the proposed intervention model demonstrates a reasonable probability of achieving the applicable performance metrics,

4. participating investors have made verified commitments of enough capital to fund the full five-years of the agreement's performance period without relying on state appropriations, and

5. the proposed outcomes are clearly linked to the longitudinal success of the people living in the community.

The commissioner must execute the agreement within 90 days after receiving the proposal if he finds that it meets the bill's criteria. If he determines that it does not meet these criteria, he must notify the person who submitted the proposal in writing and identify the unmet requirements.

Once an agreement is executed, the certified CDC may do anything necessary to meet its performance metrics and progress milestones. This may include (1) collaborating with the implementing organization, independent evaluator, and state agencies to measure these metrics and milestones; (2) collaborating with other entities (such as early childhood education providers, schools, employers, and workforce development organizations) needed to help achieve the metrics and milestones; and (3) engaging with participating investors.

Background — CDC Certification Process and Grant Eligibility

Existing law allows nonprofits that meet certain eligibility requirements to become certified CDCs by applying to DECD's Office of Community Economic Development Assistance (OCEDA). To date, DECD has certified one CDC under this program, the Clay Arsenal CDC.

To be a certified CDC, the nonprofit must:

1. focus a substantial majority of its efforts on serving one or more target areas, as described below;

2. have the purpose of engaging and working with local residents and businesses on community development efforts to sustainably develop and improve urban communities in a way that creates and expands economic opportunities for low- and moderate-income people; and

3. show OCEDA that its constituency is meaningfully represented on its board in specified ways.

A "target area" is a contiguous geographic area in which the (1) current unemployment rate exceeds the state's by at least 25% or (2) mean household income is 80% or less of the state's in the most recent decennial census. OCEDA must identify the eligible target areas and post them on DECD's website.

Background — Distressed Municipalities

DECD annually ranks municipalities based on their relative economic and fiscal distress and designates the top 25 as "distressed municipalities." Most recently, in 2025, DECD designated the following municipalities as distressed: Bridgeport, Derby, East Hartford, East Haven, Hartford, Killingly, Lisbon, Mansfield, Meriden, New Britain, New London, North Canaan, Norwich, Plainfield, Plymouth, Putnam, Sprague, Stafford, Sterling, Torrington, Waterbury, West Haven, Willington, Winchester, and Windham.

Background — Related Bills

sSB 514, favorably reported by the Finance, Revenue and Bonding Committee, has identical provisions.

sSB 307 (File 561), favorably reported by the Commerce Committee, eliminates OCEDA and transfers its responsibilities to DECD.

§§ 34-44 — HOSPITAL PROVIDER TAX

Replaces the current hospital provider tax, starting in FY 27, with new taxes on inpatient and outpatient hospital services but requires the taxes to cease and the current tax structure to be reimposed if CMS determines that either tax is impermissible; repeals provisions in the FY 26-27 biennial budget act, scheduled to take effect on July 1, 2026, that principally change the base year on which the provider tax is calculated and increase the total tax revenue on which the tax is calculated

The bill replaces the current hospital provider tax with new taxes on inpatient and outpatient hospital services, starting in FY 27. In doing so, it (1) sunsets the current provider tax on June 30, 2026, (§ 38) and (2) repeals provisions in the FY 26-27 biennial budget act, scheduled to take effect on July 1, 2026, that change the base year on which the provider tax is calculated and increase the total tax revenue on which the tax is calculated by $375 million, among other things.

Generally, the new taxes established under the bill:

1. update the base year for calculating the taxes on inpatient and outpatient services from FY 16 to federal fiscal year (FFY) 24;

2. impose a 4% tax rate on inpatient hospital services, rather than the current 6% rate;

3. impose a 7.8223% tax rate on outpatient hospital services for FY 27, rather than the current effective rate of 10.4858%, and then incrementally increase the rate over the next four years to 8.9689%;

4. extend the tax to cover children's general hospitals, which are exempt from the current hospital provider tax;

5. incorporate various administrative provisions that apply to the current tax; and

6. require the new taxes to cease and the current tax structure to be reimposed if the Centers for Medicare and Medicaid Services (CMS) determine that either tax is impermissible.

The bill also makes numerous technical and conforming changes.

EFFECTIVE DATE: July 1, 2026, except the repealed provisions take

effect upon passage.

Repeal of Hospital Provider Tax Changes Enacted in PA 25-168 (§ 44)

The FY 26-27 biennial budget act (PA 25-168, §§ 360 & 361) makes various changes to the hospital provider tax that are due to take effect July 1, 2026. Principally, it:

1. updates the base year on which the tax is calculated, requiring that it be tied to net revenue from an applicable FFY as shown in the table below, rather than FY 16, and makes various corresponding changes to the tax structure;

2. increases, by $375 million, the total revenue on which the tax on outpatient hospital services is calculated and requires the starting amount used to calculate the tax in later years to be increased by $25 million over the prior fiscal year;

3. requires the Department of Social Services (DSS) commissioner to seek approval from CMS to remove the exemption for children's general hospitals; and

4. makes other administrative changes to the tax, including eliminating provisions allowing taxpayers to request a payment extension under certain circumstances.

Table: Applicable FFY for the Hospital Provider Tax Under PA 25-168, § 360

State FY (July 1 – June 30)	*Applicable FFY (October 1 – September 30)*
FYs 27-29	FFY 24
FY2 30-33	FFY 27
FY 34 and every four years	FFY that ended in the calendar year two years before the four-year period started

The bill repeals these changes before they take effect, but incorporates select provisions into the new taxes established under the bill, as described below.

New Taxes on Inpatient and Outpatient Hospital Services (§§ 34 & 35(a))

Current law imposes a 6% tax on each hospital's FY 16 audited net revenue attributable to inpatient hospital services. Starting in FY 27, the bill instead imposes a 4% tax on each hospital's "audited net revenue for FFY 24" attributable to inpatient hospital services. The bill specifies that this rate applies through FY 31 and after unless it is changed by law.

Under current law, the tax on outpatient hospital services is based on a total amount of revenue ($820 million for FY 26 and after) minus the total tax imposed on all hospitals for providing inpatient services, divided by the total FY 16 audited net revenue for outpatient services. It results in an effective tax rate on outpatient hospital services of 10.4858% for FY 26 and after, subject to specific adjustments, including for any hospital dissolutions or disallowed exemptions.

The bill instead imposes a tax on "audited net revenue for FFY 24" attributable to outpatient hospital services equal to:

1. 7.8223% for FY 27,

2. 8.0973% for FY 28,

3. 8.3799% for FY 29,

4. 8.6704% for FY 30, and

5. 8.9689% for FY 31 and after (unless changed by law).

Under the bill, as under the current hospital provider tax, net revenue derived from providing a health care item or service to a patient may only be taxed once.

"Audited Net Revenue for FFY 24." For any hospital with audited financial statements for FFY 24, its "audited net revenue for FFY 24" is the net revenue reported in these statements, minus any revenue the DRS commissioner determines, based on federal law, that the hospital received from anything other than providing inpatient and outpatient

hospital services. For any hospital without these audited financial statements, it is the net revenue reported in the hospital's financial filings submitted to the Office of Health Strategy (OHS), adjusted according to audited financial statement standards, minus the same adjustment described above.

If an audited financial statement for FFY 24 does not report revenue for the entire fiscal year, its net revenue must be calculated by projecting the amount it would have received for the entire year based proportionally on the amount reported in the audited financial statements or by reviewing its financial filings with OHS.

Under the bill, as under current law, audited net inpatient revenue and audited net outpatient revenue must be based on information provided by each hospital required to pay the taxes.

Other Defined Terms. For purposes of these taxes, the bill retains the same definitions of hospitals, inpatient and outpatient hospital services, net revenue, and related terms that apply under the current hospital provider tax.

Tax Recalculations Based on Organizational Changes (§ 35(a))

Under the bill, as under the current hospital provider tax, if a hospital or hospitals subject to the taxes merge, consolidate, are acquired, or otherwise reorganize, then the surviving hospital is liable for the total taxes imposed on the merging, consolidating, acquired, or reorganizing hospitals. The surviving hospital must also assume any outstanding liabilities from periods before the merger, consolidation, acquisition, or reorganization.

Unlike the current tax, however, the amount of taxes due from each hospital is not recalculated if a hospital dissolves or ceases to be subject to the taxes. Under current law, if a hospital dissolves (ceases to operate for any reason other than a merger, consolidation, acquisition, or reorganization) or ceases for any reason to be subject to the hospital tax, the amount due from each hospital is not recalculated for the fiscal year in which the hospital dissolves or ceases to operate. But, in the following

fiscal year and each subsequent year, the tax must be recalculated so that the total tax amount to be collected is proportionately redistributed among the surviving hospitals.

Refunds for Exceeding Federally Permissible Tax Rate (§ 35(a))

Under the current hospital provider tax, starting in FY 27, the state must issue refunds if the DSS commissioner determines that the effective tax rate for inpatient services exceeds the rate allowed under federal Medicaid law. The bill applies this same provision to the taxes imposed under the bill. As under current law, each hospital's refund must be in proportion to the amount of inpatient hospital service net revenue on which it was taxed for the same fiscal year.

As under the current tax, each hospital subject to the bill's taxes must report annually to the DSS commissioner the amount of (1) tax paid and (2) net revenue it received for providing inpatient hospital services in the fiscal year two years prior to the reporting date. The same timeframe and procedures for issuing these refunds under current law apply under the bill.

Tax Payment Requirements (§ 35(a))

Under the bill, as under current law, hospitals must pay the taxes in four quarterly payments according to the existing filing and payment requirements.

Information Reporting Requirements (§ 35(a))

By July 31, 2026, each hospital required to pay the taxes must submit to the DRS commissioner the information he requires to calculate "audited net inpatient revenue for FFY 24" and "audited net outpatient revenue for FFY 24" for each hospital. Under the bill, this is the amount of revenue that the DRS commissioner determines, based on federal law, that a hospital received for providing these services during FFY 24. The amounts reported are deemed accepted on July 1, 2026, as long as the commissioner has not started an audit of the hospital before then. (It is unclear whether the DRS commissioner can start this audit before the tax takes effect.)

If he has started an audit, the hospital must comply with the commissioner's requests for the additional information he needs to fully audit the hospital within 30 days after his request. The commissioner may extend this period by request.

Under the bill, hospitals that do not provide the requested information by July 31, 2026, or fail to comply with a request for additional information, are subject to a penalty of $1,000 for each day the failure continues. And as under current law, the commissioner may engage an independent auditor to help him with these duties and responsibilities.

Administrative Protests (§ 35(a))

The bill allows hospitals to file an administrative protest to contest the DRS commissioner's determination of additional audited net revenue. (The FY 26-27 biennial budget act's changes to the hospital provider tax include similar provisions on administrative protests.)

Under the bill, the commissioner must mail the taxpayer a notice by the first day of the state fiscal year if he determines there is additional audited net revenue. The amount becomes final 30 days after he mails the notice unless the taxpayer files a written protest. If the taxpayer files a protest, the commissioner must reconsider the additional audited net revenue. The commissioner may hold a hearing if the taxpayer or its authorized representative requests one. The commissioner must mail the taxpayer a notice about his determination, which must briefly state his findings of fact and the basis for any decision that goes against the taxpayer. The commissioner's action on the taxpayer's protest becomes final one month after the notice is mailed unless the taxpayer appeals to the courts within this timeframe.

If the protest or appeal is pending on the first day of the next succeeding state fiscal year, the protesting or appealing taxpayer must use the amounts it reported to tentatively calculate the tax due until the matter is resolved. If any of these amounts is later revised under the protest or appeal, the commissioner must recalculate the amounts due

for each hospital and issue assessments or refunds, as applicable, for any affected quarter.

Exempt Hospitals (§ 35(b))

The bill requires the DSS commissioner to seek approval from CMS to exempt from the taxes (1) specialty hospitals; (2) hospitals owned exclusively by the state, other than those the state operates as a receiver; and (3) "sole community hospitals" (but only from the tax on outpatient hospital services). Current law requires the commissioner to seek CMS's approval to exempt these same hospitals, as well as children's general hospitals, from the current hospital provider tax. (The FY 26-27 biennial budget act requires the DSS commissioner to seek approval from CMS to remove the exemption for children's general hospitals. The bill repeals this requirement along with the other changes that act made to the hospital provider tax.)

As under current law, any hospital for which CMS grants an exemption is exempt from the taxes, and any hospital denied an exemption must pay the taxes at the same effective rates imposed on other hospitals. Hospitals must give the commissioner any information he requests to make any calculations needed to seek these exemption approvals.

As under current law, these CMS requests are exempt from a separate state law that requires the DSS commissioner to notify and, in some cases, get approval from the Appropriations and Human Services committees for certain CMS applications before submitting them to the federal government.

Sole Community Hospitals. Under federal law, CMS classifies a hospital as a "sole community hospital" if it is more than 35 miles from similar hospitals or located in a rural area and meets one of several other conditions (42 C.F.R. § 412.92). Under the bill, similar to current law, if CMS denies a sole community hospital's exemption, then in the following calendar quarter the total tax due for outpatient hospital services from each hospital must be adjusted to ensure that the total tax

to be collected is redistributed. (It is unclear how this redistribution is calculated under the bill.)

Notice to Hospitals. As under current law, the bill requires the DSS commissioner to notify all of the hospitals subject to the taxes whenever she receives a determination by CMS that a hospital is not exempt. Specifically, the commissioner must notify the hospitals about (1) the corresponding increase to the total audited net revenue for FFY 24 and (2) any change in the effective tax rate to be collected. (However, unlike the current hospital provider tax, the bill does not contemplate an effective tax rate for either the inpatient or outpatient hospital services taxes.)

Under the bill, she must issue the notice before the end of the calendar quarter following the date of CMS's determination. If the determination is made after the start of a fiscal year, the recalculations must be prorated to account for the amount already paid.

DRS Reporting Requirements (§ 35(c)-(f))

As under the current hospital provider tax, the bill requires the DRS commissioner to:

1. issue guidance on administering the tax after completing a study of the applicable federal law governing the administration of health care provider taxes, in collaboration with various stakeholders, and

2. determine if there is any underreporting of revenue on audited financial statements, in consultation with certain state officials and entities.

It also requires the commissioner, starting by November 15, 2026, to report quarterly to the DSS commissioner and the OPM secretary on the amount of (1) tax paid by each hospital for the most recently completed calendar quarter and (2) any delinquent hospital provider taxes, penalties, and interest owed by a hospital. However, as under current law, the bill's tax provisions do not affect the DRS commissioner's

statutory obligations to keep confidential tax returns and return information, except under certain narrow conditions.

Tax Administration (§§ 36 & 39-43)

Under the bill, various provisions that apply to the current hospital provider tax also apply to the new taxes. Principally, these provisions:

1. prohibit tax credits from being applied against the taxes;

2. establish specific requirements for filing the quarterly returns and remitting the taxes;

3. allow taxpayers to request a reasonable extension for paying the taxes due to undue hardship, subject to certain conditions;

4. set the penalty and interest that apply to unpaid taxes and allow the DRS commissioner to waive all or part of any penalty for reasonable cause;

5. authorize the DSS commissioner to deduct and withhold tax amounts due from any amount DSS would otherwise pay the taxpayer;

6. impose a penalty for willfully (a) failing to pay the taxes, file returns, keep records, or supply information or (b) supplying fraudulent or false information;

7. authorize the DRS commissioner to (a) require taxpayers to keep certain records, (b) examine taxpayer records, and (c) make deficiency assessments;

8. authorize the DRS commissioner to enter into agreements with the DSS commissioner to administer the tax and ensure compliance with the state's Medicaid program;

9. allow the commissioner to adopt implementing regulations;

10. allow taxpayers to file claims for tax overpayments;

11. establish hearing and appeals procedures for aggrieved taxpayers;

12. authorize the DRS commissioner to take certain actions to collect and enforce the tax; and

13. allow the comptroller, at the close of each fiscal year, to record as revenue the amount of the taxes received by the DRS commissioner within five business days after the July 31 following the end of the fiscal year.

Reinstatement of the Current Hospital Provider Tax Structure (§ 37)

Under the bill, the taxes on inpatient and outpatient hospital services will revert to the current tax structure (CGS § 12-263q, revised to January 1, 2025) if CMS (1) determines that either tax is an impermissible tax under the federal health provider tax law (see *Background — Limits on Provider Tax Rates Under P.L. 119-21*), (2) does not issue a required tax waiver, or (3) finds any aspect of the taxes to be invalid. If any of these events happen, the General Assembly must consider amending the statutes to ensure compliance with federal law. It must do so during the next regular or special session, whichever comes first.

Background — Limits on Provider Tax Rates Under P.L. 119-21

Federal law allows states to use health care provider taxes to help finance their share of Medicaid expenditures but requires that the taxes be broad-based, uniform, and not hold providers harmless for the cost of the tax. P.L. 119-21 imposes new limits on these taxes effective October 1, 2026, including lowering the threshold for determining whether a tax holds providers harmless (the indirect hold harmless threshold) (§ 71115). Under the law, the tax rate for most existing provider taxes must phase down from FFY 28 through FFY 32 to the lower of the (1) rate in place on July 4, 2025, or (2) applicable percent for that year (phasing down in steps from 5.5% in FFY 28 to 3.5% in FFY 32 and after).

§ 44 — TAX ON NURSING HOMES AND INTERMEDIATE CARE FACILITIES

Repeals the 6% tax on nursing home and ICF revenue scheduled to take effect on July 1, 2026, and instead retains the current user fee on these facilities

The bill repeals provisions in the FY 26-27 biennial budget act (§§ 359, 361, 363 & 364) that terminate the quarterly user fee on nursing homes and intermediate care facilities for individuals with intellectual disabilities (ICF) as of July 1, 2026, and instead impose a quarterly 6% tax on their revenue as of that date. In doing so, it retains the current quarterly user fee on these facilities of (1) $16.13 for municipally owned nursing homes and facilities with more than 230 beds, (2) $21.02 for all other nursing homes, and (3) $27.76 for ICFs. The amount due from each facility is determined by multiplying the user fee by the facility's resident days for the calendar quarter.

The bill similarly eliminates provisions in the budget act that require:

1. the DSS commissioner, before January 1, 2026, to seek approval from CMS to exempt certain continuing care retirement communities licensed on or before July 1, 2017, from the nursing home tax;

2. the tax to cease and the user fees to be reimposed if CMS determines that the tax is impermissible; and

3. these facilities to include the amount of their nursing facility and ICF service revenue on their quarterly provider tax returns to DRS.

EFFECTIVE DATE: Upon passage

§ 44 — HOSPITAL MEDICAID SUPPLEMENTAL PAYMENTS

Repeals the increases to Medicaid supplemental payments to hospitals for FY 27 and after, and instead retains the requirement that DSS pay out the same amount paid in FY 26 for these years

Existing law requires DSS to pay specified amounts in supplemental Medicaid payments to hospitals in the state to the extent required by the settlement agreement for *The Connecticut Hospital Association et al.* v.

Connecticut Department of Social Services et al. (No. HHB-CV16-6035321-S) approved by the General Assembly on December 18, 2019, and related court orders. The law sets the total amount of these payments at $568.3 million for FY 26.

The bill repeals provisions in the FY 26-27 biennial budget act (§ 362) that (1) increase these required payments for FY 27 by $140 million to $708.3 million and (2) require the total payments for FY 28 and after to be increased by an additional $25 million over the preceding year if the total amount of hospital provider tax collected for that year, across all hospitals subject to the tax, increased by at least $25 million over the preceding year. Instead, the bill retains the current requirement that DSS pay out the amount paid in FY 26 ($568.3 million) for FY 27 and after, unless it is changed by state law.

The bill also repeals a provision in the budget act that explicitly prohibits DSS from making these payments in a way that does not comply with applicable federal requirements and required federal approvals, including making payments that cause the total hospital payments in an applicable category to exceed the upper payment limit.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 35 Nay 17 (03/31/2026)