



General Assembly

Amendment

February Session, 2026

LCO No. 3906



Offered by:

REP. FOSTER, 57th Dist.
SEN. HONIG, 8th Dist.
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To: Subst. House Bill No. 5406

File No. 167

Cal. No. 142

**"AN ACT CONCERNING VARIOUS MEASURES HONORING THE
HEROISM OF VETERANS AND MEMBERS OF THE ARMED
FORCES."**

1 Strike sections 4 and 5 in their entirety and substitute the following
2 in lieu thereof:

3 "Sec. 4. (NEW) (*Effective October 1, 2026*) (a) As used in this section:

4 (1) "Administrator" means the administrator of the Soldiers, Sailors
5 and Marines Fund.

6 (2) (A) "Dental services" includes (i) preventive and diagnostic
7 services, such as biannual examinations and prophylaxis, (ii) restorative
8 services, such as fillings, root canals and crowns, (iii) prosthetics, such
9 as partial and complete dentures, and (iv) oral surgery, such as
10 extractions.

11 (B) "Dental services" does not include (i) dental implants, (ii) fixed

12 bridges, (iii) orthodontics, (iv) cosmetic services, such as whitening or
13 veneers, or (v) telehealth services.

14 (3) "Eligible veteran" means any veteran who (A) is a resident of the
15 state, (B) has a service-connected disability rating of less than one
16 hundred per cent and is not receiving dental care from the United States
17 Department of Veterans Affairs, (C) has a household income at or below
18 four hundred per cent of the federal poverty level, and (D) demonstrates
19 all other proof of eligibility for aid from the fund, as set forth in the
20 American Legion bylaws made available online pursuant to subdivision
21 (1) of section 27-138a of the general statutes.

22 (4) "Soldiers, Sailors and Marines Fund" or "fund" means the Soldiers,
23 Sailors and Marines Fund described in sections 27-138 to 27-140,
24 inclusive, of the general statutes, as amended by this act.

25 (5) "Provider" means a dental practice, dental clinic or person licensed
26 to practice dentistry or dental medicine in the state.

27 (6) "Veteran" has the same meaning as provided in section 27-103 of
28 the general statutes.

29 (b) There is established a Veterans Dental Care Access Program, to be
30 operated by the administrator of the Soldiers, Sailors and Marines Fund
31 with moneys from the fund, for the purpose of assisting eligible veterans
32 with receiving dental services from providers that participate in such
33 program. The administrator shall enter into a memorandum of
34 understanding with a state-wide organization that represents licensed
35 dentists to (1) identify such providers, and (2) coordinate in the
36 operation of such program by assisting in the implementation of the
37 provisions of this section, including, but not limited to, processing
38 applications, making referrals to participating providers, reviewing
39 treatment plans and notifying such providers regarding such treatment
40 plans.

41 (c) On and after January 1, 2027, any eligible veteran may submit to
42 the administrator an application, in the form available at town clerks'

43 offices pursuant to subdivision (2) of section 27-138a of the general
44 statutes or in such other form and manner as may be prescribed by the
45 administrator, for assistance through the program established in
46 subsection (b) of this section. Not later than ten days after receipt of any
47 such application, the administrator shall verify whether the applicant
48 satisfies all criteria for program eligibility and shall notify such
49 applicant of the administrator's determination as to approval or
50 rejection of such application. Any such approval shall be for two years,
51 after which an applicant may reapply pursuant to the provisions of this
52 subsection.

53 (d) Not later than thirty days after an approval under subsection (c)
54 of this section, the administrator shall refer the eligible veteran to a
55 participating provider for the purpose of scheduling an appointment to
56 establish or continue, as applicable, dental care and to develop a
57 treatment plan for such eligible veteran. The provider shall set forth in
58 such treatment plan the dental services recommended for the eligible
59 veteran and shall submit such treatment plan to the administrator for
60 review. Not later than ten days after receipt of a treatment plan, the
61 administrator shall approve or modify such treatment plan and notify
62 the provider of such approval or modification. A provider may provide
63 dental services to an eligible veteran only after such notification and
64 only in accordance with such approval or modification.

65 (e) (1) (A) Except as provided in subparagraph (B) of this subdivision,
66 not later than five days after the provision of dental services to an
67 eligible veteran, a provider shall invoice the fund for such dental
68 services. Not later than thirty days after receiving such invoice, the
69 administrator shall remit payment to the provider for such dental
70 services, subject to the provisions of subdivision (2) of this subsection,
71 and shall advise such provider of the eligible veteran's status with
72 regard to the maximum annual benefit described in said subdivision.

73 (B) If an eligible veteran has coverage under a health insurance plan
74 for any of the dental services provided under subsection (d) of this
75 section, the provider shall invoice the health insurer for such dental

76 services and may only invoice the fund for the remaining balance on
77 such dental services after exhausting all such coverage.

78 (2) The amount of dental services received by an eligible veteran for
79 which the administrator may remit payment under subparagraph (A) of
80 subdivision (1) of this subsection shall not exceed three thousand dollars
81 per calendar year. If an eligible veteran receives dental services in a
82 calendar year in an amount that exceeds three thousand dollars, the
83 administrator shall refer such eligible veteran to the state-wide
84 organization described in subsection (b) of this section to explore
85 alternative sources of moneys to address such excess amount.

86 (f) The total costs to the fund for the operation of the program,
87 including, but not limited to, the aggregate payments remitted to
88 providers for dental services received by eligible veterans and any other
89 expenses permitted by law that may be necessary to implement the
90 provisions of this section, shall not exceed one million dollars per fiscal
91 year.

92 (g) Not later than January 15, 2030, and annually thereafter, the
93 administrator, in consultation with the state-wide organization with
94 which the administrator entered into a memorandum of understanding
95 pursuant to subsection (b) of this section, shall submit a report on the
96 performance of the Veterans Dental Care Access Program, and any
97 recommendations for improvement thereof, to the joint standing
98 committees of the General Assembly having cognizance of matters
99 relating to veterans' and military affairs and public health, in accordance
100 with the provisions of section 11-4a of the general statutes.

101 Sec. 5. Section 27-140 of the general statutes is repealed and the
102 following is substituted in lieu thereof (*Effective October 1, 2026*):

103 All money so paid to and received by the American Legion shall be
104 expended by it in furnishing temporary income; subsistence items such
105 as food, wearing apparel, shelter and related expenses; medical or
106 surgical aid or care; dental services in accordance with section 4 of this

107 act; or other relief (1) to, or in bearing the funeral expenses of, soldiers,
108 sailors or marines (A) (i) who performed service in time of war, as
109 defined in section 27-103, in any branch of the military service of the
110 United States, including the Connecticut National Guard, or (ii) who
111 were engaged in any of the wars waged by the United States during said
112 periods in the forces of any government associated with the United
113 States, (B) who are or were veterans, as defined in section 27-103, and
114 (C) who were citizens or resident aliens of the state at the time of
115 entering said armed forces of the United States, including the
116 Connecticut National Guard, or of any such government, (2) to their
117 spouses who are living with them, (3) to their widows or widowers who
118 were living with them at the time of death, or (4) to dependent children
119 under eighteen years of age, who may be in need of the same. All such
120 payments shall be made by the American Legion under authority of its
121 bylaws, which bylaws shall set forth the procedure for proof of
122 eligibility for such aid, provided payments made for the care and
123 treatment of any person entitled to the benefits provided for herein [] at
124 any hospital receiving aid from the General Assembly, unless special
125 care and treatment are required, shall be in accordance with the
126 provisions of section 17b-239, and provided further the sum expended
127 for the care or treatment of such person at any other place than a state-
128 aided hospital shall in no case exceed the actual cost of supporting such
129 person at the Healthcare Center in Rocky Hill maintained by the
130 Department of Veterans Affairs, unless special care and treatment are
131 required, when such sum as may be determined by the treasurer of such
132 organization may be paid therefor. Upon the completion of the trust
133 provided for in section 27-138, the principal fund shall revert to the State
134 Treasury."

135 After the last section, add the following and renumber sections and
136 internal references accordingly:

137 "Sec. 501. (NEW) (*Effective October 1, 2026*) The state military
138 readiness center in Putnam shall be named the Captain-General John
139 Dempsey Putnam Army National Guard Readiness Center in honor of

140 John Dempsey, who served as mayor of and state representative for the
141 town of Putnam and as the eighty-first governor of Connecticut.

142 Sec. 502. Subparagraph (B) of subdivision (20) of subsection (a) of
143 section 12-701 of the 2026 supplement to the general statutes is repealed
144 and the following is substituted in lieu thereof (*Effective July 1, 2026, and*
145 *applicable to taxable years commencing on or after January 1, 2026*):

146 (B) There shall be subtracted therefrom:

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

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

152 (iii) To the extent properly includable in gross income for federal
153 income tax purposes, the amount of any refund or credit for
154 overpayment of income taxes imposed by this state, or any other state
155 of the United States or a political subdivision thereof, or the District of
156 Columbia;

157 (iv) To the extent properly includable in gross income for federal
158 income tax purposes and not otherwise subtracted from federal
159 adjusted gross income pursuant to clause (x) of this subparagraph in
160 computing Connecticut adjusted gross income, any tier 1 railroad
161 retirement benefits;

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

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

174 (vii) To the extent properly includable in determining the net gain or
175 loss from the sale or other disposition of capital assets for federal income
176 tax purposes, any gain from the sale or exchange of obligations issued
177 by or on behalf of the state of Connecticut, any political subdivision
178 thereof, or public instrumentality, state or local authority, district or
179 similar public entity created under the laws of the state of Connecticut,
180 in the income year such gain was recognized;

181 (viii) Any interest on indebtedness incurred or continued to purchase
182 or carry obligations or securities the interest on which is subject to tax
183 under this chapter but exempt from federal income tax, to the extent that
184 such interest on indebtedness is not deductible in determining federal
185 adjusted gross income and is attributable to a trade or business carried
186 on by such individual;

187 (ix) Ordinary and necessary expenses paid or incurred during the
188 taxable year for the production or collection of income which is subject
189 to taxation under this chapter but exempt from federal income tax, or
190 the management, conservation or maintenance of property held for the
191 production of such income, and the amortizable bond premium for the
192 taxable year on any bond the interest on which is subject to tax under
193 this chapter but exempt from federal income tax, to the extent that such
194 expenses and premiums are not deductible in determining federal
195 adjusted gross income and are attributable to a trade or business carried
196 on by such individual;

197 (x) (I) For taxable years commencing prior to January 1, 2019, for a
198 person who files a return under the federal income tax as an unmarried
199 individual whose federal adjusted gross income for such taxable year is
200 less than fifty thousand dollars, or as a married individual filing

201 separately whose federal adjusted gross income for such taxable year is
202 less than fifty thousand dollars, or for a husband and wife who file a
203 return under the federal income tax as married individuals filing jointly
204 whose federal adjusted gross income for such taxable year is less than
205 sixty thousand dollars or a person who files a return under the federal
206 income tax as a head of household whose federal adjusted gross income
207 for such taxable year is less than sixty thousand dollars, an amount
208 equal to the Social Security benefits includable for federal income tax
209 purposes;

210 (II) For taxable years commencing prior to January 1, 2019, for a
211 person who files a return under the federal income tax as an unmarried
212 individual whose federal adjusted gross income for such taxable year is
213 fifty thousand dollars or more, or as a married individual filing
214 separately whose federal adjusted gross income for such taxable year is
215 fifty thousand dollars or more, or for a husband and wife who file a
216 return under the federal income tax as married individuals filing jointly
217 whose federal adjusted gross income from such taxable year is sixty
218 thousand dollars or more or for a person who files a return under the
219 federal income tax as a head of household whose federal adjusted gross
220 income for such taxable year is sixty thousand dollars or more, an
221 amount equal to the difference between the amount of Social Security
222 benefits includable for federal income tax purposes and the lesser of
223 twenty-five per cent of the Social Security benefits received during the
224 taxable year, or twenty-five per cent of the excess described in Section
225 86(b)(1) of the Internal Revenue Code;

226 (III) For the taxable year commencing January 1, 2019, and each
227 taxable year thereafter, for a person who files a return under the federal
228 income tax as an unmarried individual whose federal adjusted gross
229 income for such taxable year is less than seventy-five thousand dollars,
230 or as a married individual filing separately whose federal adjusted gross
231 income for such taxable year is less than seventy-five thousand dollars,
232 or for a husband and wife who file a return under the federal income tax
233 as married individuals filing jointly whose federal adjusted gross

234 income for such taxable year is less than one hundred thousand dollars
235 or a person who files a return under the federal income tax as a head of
236 household whose federal adjusted gross income for such taxable year is
237 less than one hundred thousand dollars, an amount equal to the Social
238 Security benefits includable for federal income tax purposes; and

239 (IV) For the taxable year commencing January 1, 2019, and each
240 taxable year thereafter, for a person who files a return under the federal
241 income tax as an unmarried individual whose federal adjusted gross
242 income for such taxable year is seventy-five thousand dollars or more,
243 or as a married individual filing separately whose federal adjusted gross
244 income for such taxable year is seventy-five thousand dollars or more,
245 or for a husband and wife who file a return under the federal income tax
246 as married individuals filing jointly whose federal adjusted gross
247 income from such taxable year is one hundred thousand dollars or more
248 or for a person who files a return under the federal income tax as a head
249 of household whose federal adjusted gross income for such taxable year
250 is one hundred thousand dollars or more, an amount equal to the
251 difference between the amount of Social Security benefits includable for
252 federal income tax purposes and the lesser of twenty-five per cent of the
253 Social Security benefits received during the taxable year, or twenty-five
254 per cent of the excess described in Section 86(b)(1) of the Internal
255 Revenue Code;

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

259 (xii) To the extent properly includable in the gross income for federal
260 income tax purposes of a designated beneficiary, any distribution to
261 such beneficiary from any qualified state tuition program, as defined in
262 Section 529(b) of the Internal Revenue Code, established and
263 maintained by this state or any official, agency or instrumentality of the
264 state;

265 (xiii) To the extent allowable under section 12-701a, contributions to

266 accounts established pursuant to any qualified state tuition program, as
267 defined in Section 529(b) of the Internal Revenue Code, established and
268 maintained by this state or any official, agency or instrumentality of the
269 state;

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

273 (xv) To the extent properly includable in the gross income for federal
274 income tax purposes of a designated beneficiary, as defined in section
275 3-123aa, interest, dividends or capital gains earned on contributions to
276 accounts established for the designated beneficiary pursuant to the
277 Connecticut Homecare Option Program for the Elderly established by
278 sections 3-123aa to 3-123ff, inclusive;

279 (xvi) To the extent properly includable in gross income for federal
280 income tax purposes, any income received from the United States
281 government as retirement pay for a retired member of (I) the Armed
282 Forces of the United States, as defined in Section 101 of Title 10 of the
283 United States Code, or (II) the National Guard, as defined in Section 101
284 of Title 10 of the United States Code;

285 (xvii) To the extent properly includable in gross income for federal
286 income tax purposes for the taxable year, any income from the discharge
287 of indebtedness in connection with any reacquisition, after December
288 31, 2008, and before January 1, 2011, of an applicable debt instrument or
289 instruments, as those terms are defined in Section 108 of the Internal
290 Revenue Code, as amended by Section 1231 of the American Recovery
291 and Reinvestment Act of 2009, to the extent any such income was added
292 to federal adjusted gross income pursuant to subparagraph (A)(xi) of
293 this subdivision in computing Connecticut adjusted gross income for a
294 preceding taxable year;

295 (xviii) To the extent not deductible in determining federal adjusted
296 gross income, the amount of any contribution to a manufacturing

297 reinvestment account established pursuant to section 32-9zz in the
298 taxable year that such contribution is made;

299 (xix) To the extent properly includable in gross income for federal
300 income tax purposes, (I) for the taxable year commencing January 1,
301 2015, ten per cent of the income received from the state teachers'
302 retirement system, (II) for the taxable years commencing January 1,
303 2016, to January 1, 2020, inclusive, twenty-five per cent of the income
304 received from the state teachers' retirement system, and (III) for the
305 taxable year commencing January 1, 2021, and each taxable year
306 thereafter, fifty per cent of the income received from the state teachers'
307 retirement system or, for a taxpayer whose federal adjusted gross
308 income does not exceed the applicable threshold under clause (xx) of
309 this subparagraph, the percentage pursuant to said clause of the income
310 received from the state teachers' retirement system, whichever
311 deduction is greater;

312 (xx) To the extent properly includable in gross income for federal
313 income tax purposes, except for retirement benefits under clause (iv) of
314 this subparagraph and retirement pay under clause (xvi) of this
315 subparagraph, for a person who files a return under the federal income
316 tax as an unmarried individual whose federal adjusted gross income for
317 such taxable year is less than seventy-five thousand dollars, or as a
318 married individual filing separately whose federal adjusted gross
319 income for such taxable year is less than seventy-five thousand dollars,
320 or as a head of household whose federal adjusted gross income for such
321 taxable year is less than seventy-five thousand dollars, or for a husband
322 and wife who file a return under the federal income tax as married
323 individuals filing jointly whose federal adjusted gross income for such
324 taxable year is less than one hundred thousand dollars, (I) for the taxable
325 year commencing January 1, 2019, fourteen per cent of any pension or
326 annuity income, (II) for the taxable year commencing January 1, 2020,
327 twenty-eight per cent of any pension or annuity income, (III) for the
328 taxable year commencing January 1, 2021, forty-two per cent of any
329 pension or annuity income, and (IV) for the taxable years commencing

330 January 1, 2022, and January 1, 2023, one hundred per cent of any
 331 pension or annuity income;

332 (xxi) To the extent properly includable in gross income for federal
 333 income tax purposes, except for retirement benefits under clause (iv) of
 334 this subparagraph and retirement pay under clause (xvi) of this
 335 subparagraph, any pension or annuity income for the taxable year
 336 commencing on or after January 1, 2024, and each taxable year
 337 thereafter, in accordance with the following schedule, for a person who
 338 files a return under the federal income tax as an unmarried individual
 339 whose federal adjusted gross income for such taxable year is less than
 340 one hundred thousand dollars, or as a married individual filing
 341 separately whose federal adjusted gross income for such taxable year is
 342 less than one hundred thousand dollars, or as a head of household
 343 whose federal adjusted gross income for such taxable year is less than
 344 one hundred thousand dollars:

T1	Federal Adjusted Gross Income	Deduction
T2	Less than \$75,000	100.0%
T3	\$75,000 but not over \$77,499	85.0%
T4	\$77,500 but not over \$79,999	70.0%
T5	\$80,000 but not over \$82,499	55.0%
T6	\$82,500 but not over \$84,999	40.0%
T7	\$85,000 but not over \$87,499	25.0%
T8	\$87,500 but not over \$89,999	10.0%
T9	\$90,000 but not over \$94,999	5.0%
T10	\$95,000 but not over \$99,999	2.5%
T11	\$100,000 and over	0.0%

345 (xxii) To the extent properly includable in gross income for federal
 346 income tax purposes, except for retirement benefits under clause (iv) of
 347 this subparagraph and retirement pay under clause (xvi) of this
 348 subparagraph, any pension or annuity income for the taxable year
 349 commencing on or after January 1, 2024, and each taxable year
 350 thereafter, in accordance with the following schedule for married

351 individuals who file a return under the federal income tax as married
352 individuals filing jointly whose federal adjusted gross income for such
353 taxable year is less than one hundred fifty thousand dollars:

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

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

359 (xxiv) To the extent properly includable in gross income for federal
360 income tax purposes, the amount of any financial assistance received
361 from the Crumbling Foundations Assistance Fund or paid to or on
362 behalf of the owner of a residential building pursuant to sections 8-442
363 and 8-443;

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

369 (xxvi) To the extent any portion of a deduction under Section 179 of
370 the Internal Revenue Code was added to federal adjusted gross income

371 pursuant to subparagraph (A)(xiv) of this subdivision in computing
372 Connecticut adjusted gross income, twenty-five per cent of such
373 disallowed portion of the deduction in each of the four succeeding
374 taxable years;

375 (xxvii) To the extent properly includable in gross income for federal
376 income tax purposes, for a person who files a return under the federal
377 income tax as an unmarried individual whose federal adjusted gross
378 income for such taxable year is less than seventy-five thousand dollars,
379 or as a married individual filing separately whose federal adjusted gross
380 income for such taxable year is less than seventy-five thousand dollars,
381 or as a head of household whose federal adjusted gross income for such
382 taxable year is less than seventy-five thousand dollars, or for a husband
383 and wife who file a return under the federal income tax as married
384 individuals filing jointly whose federal adjusted gross income for such
385 taxable year is less than one hundred thousand dollars, for the taxable
386 year commencing January 1, 2023, twenty-five per cent of any
387 distribution from an individual retirement account other than a Roth
388 individual retirement account;

389 (xxviii) To the extent properly includable in gross income for federal
390 income tax purposes, for a person who files a return under the federal
391 income tax as an unmarried individual whose federal adjusted gross
392 income for such taxable year is less than one hundred thousand dollars,
393 or as a married individual filing separately whose federal adjusted gross
394 income for such taxable year is less than one hundred thousand dollars,
395 or as a head of household whose federal adjusted gross income for such
396 taxable year is less than one hundred thousand dollars, (I) for the taxable
397 year commencing January 1, 2024, fifty per cent of any distribution from
398 an individual retirement account other than a Roth individual
399 retirement account, (II) for the taxable year commencing January 1, 2025,
400 seventy-five per cent of any distribution from an individual retirement
401 account other than a Roth individual retirement account, and (III) for
402 the taxable year commencing January 1, 2026, and each taxable year
403 thereafter, any distribution from an individual retirement account other

404 than a Roth individual retirement account. The subtraction under this
 405 clause shall be made in accordance with the following schedule:

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

406 (xxix) To the extent properly includable in gross income for federal
 407 income tax purposes, for married individuals who file a return under
 408 the federal income tax as married individuals filing jointly whose
 409 federal adjusted gross income for such taxable year is less than one
 410 hundred fifty thousand dollars, (I) for the taxable year commencing
 411 January 1, 2024, fifty per cent of any distribution from an individual
 412 retirement account other than a Roth individual retirement account, (II)
 413 for the taxable year commencing January 1, 2025, seventy-five per cent
 414 of any distribution from an individual retirement account other than a
 415 Roth individual retirement account, and (III) for the taxable year
 416 commencing January 1, 2026, and each taxable year thereafter, any
 417 distribution from an individual retirement account other than a Roth
 418 individual retirement account. The subtraction under this clause shall
 419 be made in accordance with the following schedule:

T34	Federal Adjusted Gross Income	Deduction
T35	Less than \$100,000	100.0%
T36	\$100,000 but not over \$104,999	85.0%
T37	\$105,000 but not over \$109,999	70.0%

T38	\$110,000 but not over \$114,999	55.0%
T39	\$115,000 but not over \$119,999	40.0%
T40	\$120,000 but not over \$124,999	25.0%
T41	\$125,000 but not over \$129,999	10.0%
T42	\$130,000 but not over \$139,999	5.0%
T43	\$140,000 but not over \$149,999	2.5%
T44	\$150,000 and over	0.0%

420 (xxx) To the extent properly includable in gross income for federal
421 income tax purposes, for the taxable year commencing January 1, 2022,
422 the amount or amounts paid or otherwise credited to any eligible
423 resident of this state under (I) the 2020 Earned Income Tax Credit
424 enhancement program from funding allocated to the state through the
425 Coronavirus Relief Fund established under the Coronavirus Aid, Relief,
426 and Economic Security Act, P.L. 116-136, and (II) the 2021 Earned
427 Income Tax Credit enhancement program from funding allocated to the
428 state pursuant to Section 9901 of Subtitle M of Title IX of the American
429 Rescue Plan Act of 2021, P.L. 117-2;

430 (xxxi) For the taxable year commencing January 1, 2023, and each
431 taxable year thereafter, for a taxpayer licensed under the provisions of
432 chapter 420f or 420h, the amount of ordinary and necessary expenses
433 that would be eligible to be claimed as a deduction for federal income
434 tax purposes under Section 162(a) of the Internal Revenue Code but that
435 are disallowed under Section 280E of the Internal Revenue Code
436 because marijuana is a controlled substance under the federal
437 Controlled Substance Act;

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

443 (xxxiii) To the extent properly includable in gross income for federal
444 income tax purposes, the amount of any student loan reimbursement

445 payment received by a taxpayer pursuant to section 10a-19m;

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

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

453 (xxxvi) For an account holder, as defined in section 12-724b, who files
454 a return under the federal income tax as an unmarried individual, a
455 married individual filing separately or a head of household, whose
456 federal adjusted gross income for the taxable year is less than one
457 hundred twenty-five thousand dollars or who files a return under the
458 federal income tax as married individuals filing jointly whose federal
459 adjusted gross income for the taxable year is less than two hundred fifty
460 thousand dollars:

461 (I) To the extent not deductible in determining federal adjusted gross
462 income, for the taxable year commencing January 1, 2027, an amount
463 equal to the contributions deposited during the taxable years
464 commencing January 1, 2026, and January 1, 2027, in a first-time
465 homebuyer savings account established pursuant to subsection (c) of
466 section 12-724b, less any amounts withdrawn during said taxable years
467 by the account holder from such account under subparagraph (D) of
468 subdivision (2) of subsection (f) of section 12-724b. The amount claimed
469 under this subclause shall not exceed two thousand five hundred
470 dollars for each such taxable year for an unmarried individual, a
471 married individual filing separately or a head of household and five
472 thousand dollars for each such taxable year for married individuals
473 filing jointly;

474 (II) To the extent not deductible in determining federal adjusted gross
475 income, for the taxable year commencing January 1, 2028, and each

476 taxable year thereafter, an amount equal to the contributions deposited
477 during the taxable year in a first-time homebuyer savings account
478 established pursuant to subsection (c) of section 12-724b, less any
479 amounts withdrawn during the taxable year by the account holder from
480 such account pursuant to subparagraph (D) of subdivision (2) of
481 subsection (f) of section 12-724b. The amount allowed to be claimed
482 under this subclause for the taxable year shall not exceed two thousand
483 five hundred dollars for an unmarried individual, a married individual
484 filing separately or a head of household and five thousand dollars for
485 married individuals filing jointly; and

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

492 (xxxvii) To the extent properly includable in gross income for federal
493 income tax purposes, for the taxable year commencing January 1, 2027,
494 and each taxable year thereafter, for an account holder who is a qualified
495 beneficiary of a first-time homebuyer savings account, as those terms
496 are defined in section 12-724b, and who files a return under the federal
497 income tax as an unmarried individual, a married individual filing
498 separately or a head of household, whose federal adjusted gross income
499 for the taxable year is less than one hundred twenty-five thousand
500 dollars or who files a return under the federal income tax as married
501 individuals filing jointly whose federal adjusted gross income for the
502 taxable year is less than two hundred fifty thousand dollars, an amount
503 equal to any withdrawal from such account that is used to pay or
504 reimburse such qualified beneficiary for eligible costs, as defined in
505 section 12-724b, incurred by the qualified beneficiary; and

506 (xxxviii) To the extent properly includable in gross income for federal
507 income tax purposes, the amount of any compensation received for
508 attending a funeral as a member of an honor guard detail pursuant to

509 section 27-76.

510 Sec. 503. Subparagraph (B) of subdivision (20) of subsection (a) of
511 section 12-701 of the 2026 supplement to the general statutes, as
512 amended by section 502 of this act, is repealed and the following is
513 substituted in lieu thereof (*Effective July 1, 2026, and applicable to taxable*
514 *years commencing on or after January 1, 2027*):

515 (B) There shall be subtracted therefrom:

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

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

521 (iii) To the extent properly includable in gross income for federal
522 income tax purposes, the amount of any refund or credit for
523 overpayment of income taxes imposed by this state, or any other state
524 of the United States or a political subdivision thereof, or the District of
525 Columbia;

526 (iv) To the extent properly includable in gross income for federal
527 income tax purposes and not otherwise subtracted from federal
528 adjusted gross income pursuant to clause (x) of this subparagraph in
529 computing Connecticut adjusted gross income, any tier 1 railroad
530 retirement benefits;

531 (v) To the extent any additional allowance for depreciation under
532 Section 168(k) of the Internal Revenue Code for property placed in
533 service after September 27, 2017, was added to federal adjusted gross
534 income pursuant to subparagraph (A)(ix) of this subdivision in
535 computing Connecticut adjusted gross income, twenty-five per cent of
536 such additional allowance for depreciation in each of the four
537 succeeding taxable years;

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

543 (vii) To the extent properly includable in determining the net gain or
544 loss from the sale or other disposition of capital assets for federal income
545 tax purposes, any gain from the sale or exchange of obligations issued
546 by or on behalf of the state of Connecticut, any political subdivision
547 thereof, or public instrumentality, state or local authority, district or
548 similar public entity created under the laws of the state of Connecticut,
549 in the income year such gain was recognized;

550 (viii) Any interest on indebtedness incurred or continued to purchase
551 or carry obligations or securities the interest on which is subject to tax
552 under this chapter but exempt from federal income tax, to the extent that
553 such interest on indebtedness is not deductible in determining federal
554 adjusted gross income and is attributable to a trade or business carried
555 on by such individual;

556 (ix) Ordinary and necessary expenses paid or incurred during the
557 taxable year for the production or collection of income which is subject
558 to taxation under this chapter but exempt from federal income tax, or
559 the management, conservation or maintenance of property held for the
560 production of such income, and the amortizable bond premium for the
561 taxable year on any bond the interest on which is subject to tax under
562 this chapter but exempt from federal income tax, to the extent that such
563 expenses and premiums are not deductible in determining federal
564 adjusted gross income and are attributable to a trade or business carried
565 on by such individual;

566 (x) (I) For taxable years commencing prior to January 1, 2019, for a
567 person who files a return under the federal income tax as an unmarried
568 individual whose federal adjusted gross income for such taxable year is
569 less than fifty thousand dollars, or as a married individual filing

570 separately whose federal adjusted gross income for such taxable year is
571 less than fifty thousand dollars, or for a husband and wife who file a
572 return under the federal income tax as married individuals filing jointly
573 whose federal adjusted gross income for such taxable year is less than
574 sixty thousand dollars or a person who files a return under the federal
575 income tax as a head of household whose federal adjusted gross income
576 for such taxable year is less than sixty thousand dollars, an amount
577 equal to the Social Security benefits includable for federal income tax
578 purposes;

579 (II) For taxable years commencing prior to January 1, 2019, for a
580 person who files a return under the federal income tax as an unmarried
581 individual whose federal adjusted gross income for such taxable year is
582 fifty thousand dollars or more, or as a married individual filing
583 separately whose federal adjusted gross income for such taxable year is
584 fifty thousand dollars or more, or for a husband and wife who file a
585 return under the federal income tax as married individuals filing jointly
586 whose federal adjusted gross income from such taxable year is sixty
587 thousand dollars or more or for a person who files a return under the
588 federal income tax as a head of household whose federal adjusted gross
589 income for such taxable year is sixty thousand dollars or more, an
590 amount equal to the difference between the amount of Social Security
591 benefits includable for federal income tax purposes and the lesser of
592 twenty-five per cent of the Social Security benefits received during the
593 taxable year, or twenty-five per cent of the excess described in Section
594 86(b)(1) of the Internal Revenue Code;

595 (III) For the taxable year commencing January 1, 2019, and each
596 taxable year thereafter, for a person who files a return under the federal
597 income tax as an unmarried individual whose federal adjusted gross
598 income for such taxable year is less than seventy-five thousand dollars,
599 or as a married individual filing separately whose federal adjusted gross
600 income for such taxable year is less than seventy-five thousand dollars,
601 or for a husband and wife who file a return under the federal income tax
602 as married individuals filing jointly whose federal adjusted gross

603 income for such taxable year is less than one hundred thousand dollars
604 or a person who files a return under the federal income tax as a head of
605 household whose federal adjusted gross income for such taxable year is
606 less than one hundred thousand dollars, an amount equal to the Social
607 Security benefits includable for federal income tax purposes; and

608 (IV) For the taxable year commencing January 1, 2019, and each
609 taxable year thereafter, for a person who files a return under the federal
610 income tax as an unmarried individual whose federal adjusted gross
611 income for such taxable year is seventy-five thousand dollars or more,
612 or as a married individual filing separately whose federal adjusted gross
613 income for such taxable year is seventy-five thousand dollars or more,
614 or for a husband and wife who file a return under the federal income tax
615 as married individuals filing jointly whose federal adjusted gross
616 income from such taxable year is one hundred thousand dollars or more
617 or for a person who files a return under the federal income tax as a head
618 of household whose federal adjusted gross income for such taxable year
619 is one hundred thousand dollars or more, an amount equal to the
620 difference between the amount of Social Security benefits includable for
621 federal income tax purposes and the lesser of twenty-five per cent of the
622 Social Security benefits received during the taxable year, or twenty-five
623 per cent of the excess described in Section 86(b)(1) of the Internal
624 Revenue Code;

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

628 (xii) To the extent properly includable in the gross income for federal
629 income tax purposes of a designated beneficiary, any distribution to
630 such beneficiary from any qualified state tuition program, as defined in
631 Section 529(b) of the Internal Revenue Code, established and
632 maintained by this state or any official, agency or instrumentality of the
633 state;

634 (xiii) To the extent allowable under section 12-701a, contributions to

635 accounts established pursuant to any qualified state tuition program, as
636 defined in Section 529(b) of the Internal Revenue Code, established and
637 maintained by this state or any official, agency or instrumentality of the
638 state;

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

642 (xv) To the extent properly includable in the gross income for federal
643 income tax purposes of a designated beneficiary, as defined in section
644 3-123aa, interest, dividends or capital gains earned on contributions to
645 accounts established for the designated beneficiary pursuant to the
646 Connecticut Homecare Option Program for the Elderly established by
647 sections 3-123aa to 3-123ff, inclusive;

648 (xvi) To the extent properly includable in gross income for federal
649 income tax purposes, any income received from the United States
650 government as retirement pay for a retired member of (I) the Armed
651 Forces of the United States, as defined in Section 101 of Title 10 of the
652 United States Code, or (II) the National Guard, as defined in Section 101
653 of Title 10 of the United States Code;

654 (xvii) To the extent properly includable in gross income for federal
655 income tax purposes for the taxable year, any income from the discharge
656 of indebtedness in connection with any reacquisition, after December
657 31, 2008, and before January 1, 2011, of an applicable debt instrument or
658 instruments, as those terms are defined in Section 108 of the Internal
659 Revenue Code, as amended by Section 1231 of the American Recovery
660 and Reinvestment Act of 2009, to the extent any such income was added
661 to federal adjusted gross income pursuant to subparagraph (A)(xi) of
662 this subdivision in computing Connecticut adjusted gross income for a
663 preceding taxable year;

664 (xviii) To the extent not deductible in determining federal adjusted
665 gross income, the amount of any contribution to a manufacturing

666 reinvestment account established pursuant to section 32-9zz in the
667 taxable year that such contribution is made;

668 (xix) To the extent properly includable in gross income for federal
669 income tax purposes, (I) for the taxable year commencing January 1,
670 2015, ten per cent of the income received from the state teachers'
671 retirement system, (II) for the taxable years commencing January 1,
672 2016, to January 1, 2020, inclusive, twenty-five per cent of the income
673 received from the state teachers' retirement system, and (III) for the
674 taxable year commencing January 1, 2021, and each taxable year
675 thereafter, fifty per cent of the income received from the state teachers'
676 retirement system or, for a taxpayer whose federal adjusted gross
677 income does not exceed the applicable threshold under clause (xx) of
678 this subparagraph, the percentage pursuant to said clause of the income
679 received from the state teachers' retirement system, whichever
680 deduction is greater;

681 (xx) To the extent properly includable in gross income for federal
682 income tax purposes, except for retirement benefits under clause (iv) of
683 this subparagraph and retirement pay under clause (xvi) of this
684 subparagraph, for a person who files a return under the federal income
685 tax as an unmarried individual whose federal adjusted gross income for
686 such taxable year is less than seventy-five thousand dollars, or as a
687 married individual filing separately whose federal adjusted gross
688 income for such taxable year is less than seventy-five thousand dollars,
689 or as a head of household whose federal adjusted gross income for such
690 taxable year is less than seventy-five thousand dollars, or for a husband
691 and wife who file a return under the federal income tax as married
692 individuals filing jointly whose federal adjusted gross income for such
693 taxable year is less than one hundred thousand dollars, (I) for the taxable
694 year commencing January 1, 2019, fourteen per cent of any pension or
695 annuity income, (II) for the taxable year commencing January 1, 2020,
696 twenty-eight per cent of any pension or annuity income, (III) for the
697 taxable year commencing January 1, 2021, forty-two per cent of any
698 pension or annuity income, and (IV) for the taxable years commencing

699 January 1, 2022, and January 1, 2023, one hundred per cent of any
 700 pension or annuity income;

701 (xxi) To the extent properly includable in gross income for federal
 702 income tax purposes, except for retirement benefits under clause (iv) of
 703 this subparagraph and retirement pay under clause (xvi) of this
 704 subparagraph, any pension or annuity income for the taxable year
 705 commencing on or after January 1, 2024, and each taxable year
 706 thereafter, in accordance with the following schedule, for a person who
 707 files a return under the federal income tax as an unmarried individual
 708 whose federal adjusted gross income for such taxable year is less than
 709 one hundred thousand dollars, or as a married individual filing
 710 separately whose federal adjusted gross income for such taxable year is
 711 less than one hundred thousand dollars, or as a head of household
 712 whose federal adjusted gross income for such taxable year is less than
 713 one hundred thousand dollars:

T45	Federal Adjusted Gross Income	Deduction
T46	Less than \$75,000	100.0%
T47	\$75,000 but not over \$77,499	85.0%
T48	\$77,500 but not over \$79,999	70.0%
T49	\$80,000 but not over \$82,499	55.0%
T50	\$82,500 but not over \$84,999	40.0%
T51	\$85,000 but not over \$87,499	25.0%
T52	\$87,500 but not over \$89,999	10.0%
T53	\$90,000 but not over \$94,999	5.0%
T54	\$95,000 but not over \$99,999	2.5%
T55	\$100,000 and over	0.0%

714 (xxii) To the extent properly includable in gross income for federal
 715 income tax purposes, except for retirement benefits under clause (iv) of
 716 this subparagraph and retirement pay under clause (xvi) of this
 717 subparagraph, any pension or annuity income for the taxable year
 718 commencing on or after January 1, 2024, and each taxable year
 719 thereafter, in accordance with the following schedule for married

720 individuals who file a return under the federal income tax as married
 721 individuals filing jointly whose federal adjusted gross income for such
 722 taxable year is less than one hundred fifty thousand dollars:

T56	Federal Adjusted Gross Income	Deduction
T57	Less than \$100,000	100.0%
T58	\$100,000 but not over \$104,999	85.0%
T59	\$105,000 but not over \$109,999	70.0%
T60	\$110,000 but not over \$114,999	55.0%
T61	\$115,000 but not over \$119,999	40.0%
T62	\$120,000 but not over \$124,999	25.0%
T63	\$125,000 but not over \$129,999	10.0%
T64	\$130,000 but not over \$139,999	5.0%
T65	\$140,000 but not over \$149,999	2.5%
T66	\$150,000 and over	0.0%

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

728 (xxiv) To the extent properly includable in gross income for federal
 729 income tax purposes, the amount of any financial assistance received
 730 from the Crumbling Foundations Assistance Fund or paid to or on
 731 behalf of the owner of a residential building pursuant to sections 8-442
 732 and 8-443;

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

738 (xxvi) To the extent any portion of a deduction under Section 179 of
 739 the Internal Revenue Code was added to federal adjusted gross income

740 pursuant to subparagraph (A)(xiv) of this subdivision in computing
741 Connecticut adjusted gross income, twenty-five per cent of such
742 disallowed portion of the deduction in each of the four succeeding
743 taxable years;

744 (xxvii) To the extent properly includable in gross income for federal
745 income tax purposes, for a person who files a return under the federal
746 income tax as an unmarried individual whose federal adjusted gross
747 income for such taxable year is less than seventy-five thousand dollars,
748 or as a married individual filing separately whose federal adjusted gross
749 income for such taxable year is less than seventy-five thousand dollars,
750 or as a head of household whose federal adjusted gross income for such
751 taxable year is less than seventy-five thousand dollars, or for a husband
752 and wife who file a return under the federal income tax as married
753 individuals filing jointly whose federal adjusted gross income for such
754 taxable year is less than one hundred thousand dollars, for the taxable
755 year commencing January 1, 2023, twenty-five per cent of any
756 distribution from an individual retirement account other than a Roth
757 individual retirement account;

758 (xxviii) To the extent properly includable in gross income for federal
759 income tax purposes, for a person who files a return under the federal
760 income tax as an unmarried individual whose federal adjusted gross
761 income for such taxable year is less than one hundred thousand dollars,
762 or as a married individual filing separately whose federal adjusted gross
763 income for such taxable year is less than one hundred thousand dollars,
764 or as a head of household whose federal adjusted gross income for such
765 taxable year is less than one hundred thousand dollars, (I) for the taxable
766 year commencing January 1, 2024, fifty per cent of any distribution from
767 an individual retirement account other than a Roth individual
768 retirement account, (II) for the taxable year commencing January 1, 2025,
769 seventy-five per cent of any distribution from an individual retirement
770 account other than a Roth individual retirement account, and (III) for
771 the taxable year commencing January 1, 2026, and each taxable year
772 thereafter, any distribution from an individual retirement account other

773 than a Roth individual retirement account. The subtraction under this
 774 clause shall be made in accordance with the following schedule:

T67	Federal Adjusted Gross Income	Deduction
T68	Less than \$75,000	100.0%
T69	\$75,000 but not over \$77,499	85.0%
T70	\$77,500 but not over \$79,999	70.0%
T71	\$80,000 but not over \$82,499	55.0%
T72	\$82,500 but not over \$84,999	40.0%
T73	\$85,000 but not over \$87,499	25.0%
T74	\$87,500 but not over \$89,999	10.0%
T75	\$90,000 but not over \$94,999	5.0%
T76	\$95,000 but not over \$99,999	2.5%
T77	\$100,000 and over	0.0%

775 (xxix) To the extent properly includable in gross income for federal
 776 income tax purposes, for married individuals who file a return under
 777 the federal income tax as married individuals filing jointly whose
 778 federal adjusted gross income for such taxable year is less than one
 779 hundred fifty thousand dollars, (I) for the taxable year commencing
 780 January 1, 2024, fifty per cent of any distribution from an individual
 781 retirement account other than a Roth individual retirement account, (II)
 782 for the taxable year commencing January 1, 2025, seventy-five per cent
 783 of any distribution from an individual retirement account other than a
 784 Roth individual retirement account, and (III) for the taxable year
 785 commencing January 1, 2026, and each taxable year thereafter, any
 786 distribution from an individual retirement account other than a Roth
 787 individual retirement account. The subtraction under this clause shall
 788 be made in accordance with the following schedule:

T78	Federal Adjusted Gross Income	Deduction
T79	Less than \$100,000	100.0%
T80	\$100,000 but not over \$104,999	85.0%
T81	\$105,000 but not over \$109,999	70.0%

T82	\$110,000 but not over \$114,999	55.0%
T83	\$115,000 but not over \$119,999	40.0%
T84	\$120,000 but not over \$124,999	25.0%
T85	\$125,000 but not over \$129,999	10.0%
T86	\$130,000 but not over \$139,999	5.0%
T87	\$140,000 but not over \$149,999	2.5%
T88	\$150,000 and over	0.0%

789 (xxx) To the extent properly includable in gross income for federal
790 income tax purposes, for the taxable year commencing January 1, 2022,
791 the amount or amounts paid or otherwise credited to any eligible
792 resident of this state under (I) the 2020 Earned Income Tax Credit
793 enhancement program from funding allocated to the state through the
794 Coronavirus Relief Fund established under the Coronavirus Aid, Relief,
795 and Economic Security Act, P.L. 116-136, and (II) the 2021 Earned
796 Income Tax Credit enhancement program from funding allocated to the
797 state pursuant to Section 9901 of Subtitle M of Title IX of the American
798 Rescue Plan Act of 2021, P.L. 117-2;

799 (xxxi) For the taxable year commencing January 1, 2023, and each
800 taxable year thereafter, for a taxpayer licensed under the provisions of
801 chapter 420f or 420h, the amount of ordinary and necessary expenses
802 that would be eligible to be claimed as a deduction for federal income
803 tax purposes under Section 162(a) of the Internal Revenue Code but that
804 are disallowed under Section 280E of the Internal Revenue Code
805 because marijuana is a controlled substance under the federal
806 Controlled Substance Act;

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

812 (xxxiii) To the extent properly includable in gross income for federal
813 income tax purposes, the amount of any student loan reimbursement

814 payment received by a taxpayer pursuant to section 10a-19m;

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

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

822 (xxxvi) For an account holder, as defined in section 12-724b, who files
823 a return under the federal income tax as an unmarried individual, a
824 married individual filing separately or a head of household, whose
825 federal adjusted gross income for the taxable year is less than one
826 hundred twenty-five thousand dollars or who files a return under the
827 federal income tax as married individuals filing jointly whose federal
828 adjusted gross income for the taxable year is less than two hundred fifty
829 thousand dollars:

830 (I) To the extent not deductible in determining federal adjusted gross
831 income, for the taxable year commencing January 1, 2027, an amount
832 equal to the contributions deposited during the taxable years
833 commencing January 1, 2026, and January 1, 2027, in a first-time
834 homebuyer savings account established pursuant to subsection (c) of
835 section 12-724b, less any amounts withdrawn during said taxable years
836 by the account holder from such account under subparagraph (D) of
837 subdivision (2) of subsection (f) of section 12-724b. The amount claimed
838 under this subclause shall not exceed two thousand five hundred
839 dollars for each such taxable year for an unmarried individual, a
840 married individual filing separately or a head of household and five
841 thousand dollars for each such taxable year for married individuals
842 filing jointly;

843 (II) To the extent not deductible in determining federal adjusted gross
844 income, for the taxable year commencing January 1, 2028, and each

845 taxable year thereafter, an amount equal to the contributions deposited
846 during the taxable year in a first-time homebuyer savings account
847 established pursuant to subsection (c) of section 12-724b, less any
848 amounts withdrawn during the taxable year by the account holder from
849 such account pursuant to subparagraph (D) of subdivision (2) of
850 subsection (f) of section 12-724b. The amount allowed to be claimed
851 under this subclause for the taxable year shall not exceed two thousand
852 five hundred dollars for an unmarried individual, a married individual
853 filing separately or a head of household and five thousand dollars for
854 married individuals filing jointly; and

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

860 (xxxvii) To the extent properly includable in gross income for federal
861 income tax purposes, for the taxable year commencing January 1, 2027,
862 and each taxable year thereafter, for an account holder who is a qualified
863 beneficiary of a first-time homebuyer savings account, as those terms
864 are defined in section 12-724b, and who files a return under the federal
865 income tax as an unmarried individual, a married individual filing
866 separately or a head of household, whose federal adjusted gross income
867 for the taxable year is less than one hundred twenty-five thousand
868 dollars or who files a return under the federal income tax as married
869 individuals filing jointly whose federal adjusted gross income for the
870 taxable year is less than two hundred fifty thousand dollars, an amount
871 equal to any withdrawal from such account that is used to pay or
872 reimburse such qualified beneficiary for eligible costs, as defined in
873 section 12-724b, incurred by the qualified beneficiary; [and]

874 (xxxviii) To the extent properly includable in gross income for federal
875 income tax purposes, the amount of any compensation received for
876 attending a funeral as a member of an honor guard detail pursuant to
877 section 27-76; and

878 (xxxix) To the extent properly includable in gross income for federal
879 income tax purposes, the amount of any pay received by a member of
880 the National Guard as a result of such member being ordered out for
881 active service pursuant to section 27-16.

882 Sec. 504. (*Effective July 1, 2026*) (a) The Healthcare Advocate shall
883 identify and examine (1) the various resources that are available to
884 veterans who are eligible to receive health care through the United
885 States Department of Veterans Affairs, and caregivers of such veterans,
886 for assistance of such veterans and caregivers with navigating the health
887 care system administered by the United States Department of Veterans
888 Affairs, (2) the various resources that are available to active and retired
889 members of the armed forces and National Guard and the families of
890 such members who are eligible to receive health care through the United
891 States Department of Defense, and caregivers of such members and
892 families, for assistance of such members, families and caregivers with
893 navigating the health care system administered by the United States
894 Department of Defense, and (3) any deficiencies in the coordination
895 among any such resources in the provision of such assistance to any
896 such veterans, members, families and caregivers.

897 (b) Not later than January 1, 2027, the Healthcare Advocate shall
898 submit a report, in accordance with the provisions of section 11-4a of the
899 general statutes, to the joint standing committee of the General
900 Assembly having cognizance of matters relating to veterans' and
901 military affairs with recommendations for (1) the establishment of an
902 Office of the Veterans' and Military Healthcare Ombudsman, (2) the
903 appointment of an individual to serve as the Veterans' and Military
904 Healthcare Ombudsman to head said office, which individual shall have
905 expertise and experience in a field concerning the health care of
906 veterans, members of the armed forces and their families, (3) the powers
907 and duties of said office, and (4) the staffing requirements of said office.

908 Sec. 505. (NEW) (*Effective July 1, 2026*) (a) There is established an
909 account to be known as the "Military Department emergency response
910 account", which shall be a separate, nonlapsing account. The account

911 shall contain any moneys required or permitted by law to be deposited
912 in the account. Any balance remaining in the account at the end of any
913 fiscal year shall be carried forward in the account for the fiscal year next
914 succeeding.

915 (b) The Adjutant General shall administer the account. Moneys in the
916 account shall be used for the purpose of covering costs incurred by the
917 Military Department, or by other state personnel and resources, in
918 responding to an emergency, including, but not limited to, any natural
919 disaster, civil emergency or other event requiring a state response,
920 whenever federal moneys for such purpose are not immediately
921 available, provided any such use shall be approved by the Governor in
922 consultation with the Commissioner of Emergency Services and Public
923 Protection.

924 Sec. 506. (*Effective July 1, 2026*) For the fiscal year ending June 30, 2027,
925 the Treasurer shall transfer the sum of five hundred thousand dollars
926 from the Military Relief Fund, established under section 27-100a of the
927 general statutes, to the Military Department emergency response
928 account, established under section 505 of this act.

929 Sec. 507. (*Effective from passage*) (a) The Commissioner of Revenue
930 Services, in consultation with the Commissioner of Veterans Affairs and
931 representatives of military and veterans' organizations that are exempt
932 from federal income tax under Section 501(a) of the Internal Revenue
933 Code of 1986, or any subsequent corresponding internal revenue code
934 of the United States, as amended from time to time, and that are
935 operating in this state, shall conduct a study to (1) determine the amount
936 of tangible personal property or services purchased annually by such
937 organizations, and (2) evaluate the fiscal impact of establishing an
938 exemption from the state sales and use tax for such organizations.

939 (b) Not later than January 1, 2027, the Commissioner of Revenue
940 Services shall submit a report, in accordance with the provisions of
941 section 11-4a of the general statutes, regarding the findings of such
942 study and any recommendations for legislation to the joint standing

943 committee of the General Assembly having cognizance of matters
 944 relating to veterans' and military affairs."

This act shall take effect as follows and shall amend the following sections:		
Sec. 4	<i>October 1, 2026</i>	New section
Sec. 5	<i>October 1, 2026</i>	27-140
Sec. 501	<i>October 1, 2026</i>	New section
Sec. 502	<i>July 1, 2026, and applicable to taxable years commencing on or after January 1, 2026</i>	12-701(a)(20)(B)
Sec. 503	<i>July 1, 2026, and applicable to taxable years commencing on or after January 1, 2027</i>	12-701(a)(20)(B)
Sec. 504	<i>July 1, 2026</i>	New section
Sec. 505	<i>July 1, 2026</i>	New section
Sec. 506	<i>July 1, 2026</i>	New section
Sec. 507	<i>from passage</i>	New section