



General Assembly

**Amendment**

February Session, 2026

LCO No. 3943



Offered by:

REP. FOSTER, 57<sup>th</sup> Dist.  
SEN. HONIG, 8<sup>th</sup> Dist.  
REP. ANDERSON, 62<sup>nd</sup> Dist.

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

897 (b) Not later than January 1, 2027, the State Long-Term Care  
898 Ombudsman shall submit a report, in accordance with the provisions of  
899 section 11-4a of the general statutes, to the joint standing committee of  
900 the General Assembly having cognizance of matters relating to veterans'  
901 and military affairs with recommendations for (1) the establishment of  
902 an 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