

PART III. REVENUE

Table 3.1 Revenue Impact of Policy Changes
In Millions of Dollars

Category & Enacting Authority	Policy	FY 26	FY 27	FY 28	FY 29	FY 30
General Fund						
Personal Income Tax – Withholding						
Sec. 18 of PA 26-35	Establish a state personal income tax deduction for certain honor guard compensation: est. \$25k annual revenue loss in FY 27+	-	-	-	-	-
Sec. 19 of PA 26-35	Establish a state personal income tax deduction for state active-duty National Guard pay: est. \$40k annual revenue loss in FY 28+	-	-	-	-	-
Subtotal		-	-	(0.1)	(0.1)	(0.1)
Personal Income Tax – Estimates and Finals						
Sec. 267 of PA 26-68	Allow certain pass-through entities to earn (partially refundable) research and development tax credits	-	(20.0)	(20.0)	(20.0)	(20.0)
Subtotal		-	(20.0)	(20.0)	(20.0)	(20.0)
Sales and Use Tax						
Sec. 262 of PA 26-68	Increase the per-item cost and expand items exempted during the sales "tax free week"	-	(2.5)	(2.6)	(2.7)	(2.7)
Sec. 272 of PA 26-68	Exempt school supplies from the sales tax	-	(5.9)	(6.0)	(6.2)	(6.3)
Secs. 223 and 268 of PA 26-68, as amended by Section 81 of PA 26-76	Extend the enhanced redemption rate of certain film and digital media production tax credits	-	-	-	-	-
Subtotal		-	(8.4)	(8.6)	(8.9)	(9.0)
Corporation Tax						
Secs. 265-266 of PA 26-68	Decouple from a new federal law (Federal P.L. 119-21) related to expensing rules for certain (historical) research and experimentation expenditures	-	66.8	(33.4)	(25.7)	(8.1)

Category & Enacting Authority	Policy	FY 26	FY 27	FY 28	FY 29	FY 30
General Fund						
Secs. 265-266 of PA 26-68	Decouple entirely from a provision in a new federal law (P.L. 119-21) allowing immediate expensing of certain depreciable qualified production property expenditures rather than over thirty-nine years	-	-	103.6	100.9	98.4
Sec. 275 of PA 26-68 as amended by Sec. 34 of PA 26-76	Provide a supplemental film tax credit	-	-	(1.5)	(1.5)	-
Subtotal		-	66.8	68.7	73.7	90.3
Health Provider Tax						
Sec. 358 of PA 26-68	Adjust hospital policies – reduce hospital provider tax	-	(221.0)	(222.2)	(222.8)	(222.7)
Sec. 359 of PA 26-68	Adjust hospital policies – support the NEW Hospital Supplemental Payment Account with the remaining hospital provider tax**	-	(974.0)	(997.8)	(1,022.2)	(1,047.3)
Subtotal		-	(1,195.0)	(1,220.0)	(1,245.0)	(1,270.0)
Miscellaneous Tax						
Sec. 264 of PA 26-68	Replace the Cannabis total THC potency tax with an excise tax of 10.75% and adjust the General Fund's share of revenues temporarily to hold harmless the Social Equity Fund	-	(1.4)	(1.5)	-	-
Subtotal		-	(1.4)	(1.5)	-	-
Refunds of Taxes						
Sec. 263 of PA 26-68, as amended by Sec. 85 of PA 26-76	Provide a tax credit to small businesses as a match for contributions to fund individual coverage health reimbursement arrangements (ICHRA) through Access Health CT's BusinessPlus platform	-	(5.0)	(5.0)	(5.0)	(5.0)
Sec. 271 of PA 26-68	Provide a nonrefundable income tax credit for family caregiver expenditures	-	-	(1.8)	(1.8)	(1.8)
Secs. 254-255 of PA 26-68	Provide a tax credit to qualified operators	-	-	(2.0)	(2.0)	(2.0)

Category & Enacting Authority	Policy	FY 26	FY 27	FY 28	FY 29	FY 30
General Fund						
Sec. 277 of PA 26-68	Expand the military retirement pay exemption under the personal income tax to include the commissioned corps of the Public Health Service**	-	(0.1)	(0.1)	(0.1)	(0.1)
Subtotal		-	(5.1)	(8.9)	(8.9)	(8.9)
Research and Development (R&D) Credit Exchange						
Sec. 267 of PA 26-68	Allow certain pass-through entities to earn (partially refundable) research and development tax credits	-	(5.0)	(5.0)	(5.0)	(5.0)
Subtotal		-	(5.0)	(5.0)	(5.0)	(5.0)
TAXES TOTAL		-	(1,168.1)	(1,195.4)	(1,214.2)	(1,222.7)
Federal Grants						
Sec. 363 of PA 26-28	Reflect the federal match from the hospital payment proposal	-	147.6	186.3	217.2	249.5
Sec. 211 of PA 26-68	UConn Health Center to retain federal revenue for Waterbury Hospital to pay the hospital provider tax	-	(15.0)	(15.0)	(15.0)	(15.0)
Sec. 1 of PA 26-68	Reflect the federal revenue impact of other expenditure changes	-	1.9	1.9	1.9	1.9
Subtotal		-	134.5	173.2	204.1	236.4
Transfers from / (to) Other Funds						
Sec. 10 of PA 26-68	Suspend scheduled transfer from the Probate Court Administrator Fund (PCAF)	(24.0)	-	-	-	-
Sec. 257 of PA 26-68	Adjust inter-FY revenues to help balance**	130.0	(130.0)	-	-	-
Sec. 258 of PA 26-68	Reflect use of FY 26 volatility to help balance FY 27	(233.7)	233.7	-	-	-
Sec. 259 of PA 26-68	Transfer to the NEW Federal Cuts Response Fund	(50.0)	-	-	-	-
Sec. 260 of PA 26-68	Update the General Fund subsidy of the Municipal Revenue Sharing Fund	13.1	15.0	-	-	-
Sec. 360 of PA 26-68	Return anticipated surplus in the Hospital Supplemental Payment Account to the General Fund**	-	10.7	-	-	-

Category & Enacting Authority	Policy	FY 26	FY 27	FY 28	FY 29	FY 30
General Fund						
Secs. 269-270 and 465 of PA 26-68	Shift the funding source for municipal aid grants to Ledyard and Montville	-	(1.6)	(1.6)	(1.6)	(1.6)
Sec. 1 of PA 26-68	Provide revenue adjustment to reflect the FY 27 appropriations change in the Mashantucket Pequot and Mohegan Fund	-	(0.1)	(0.1)	(0.1)	(0.1)
Subtotal		(164.6)	127.7	(1.7)	(1.7)	(1.7)
Transfer to Housing Trust Fund						
Sec. 261 of PA 26-68	Suspend the transfer to the Housing Trust Fund	33.6	30.3	-	-	-
Subtotal		33.6	30.3	-	-	-
OTHER SOURCES TOTAL		(131.0)	292.5	171.5	202.4	234.7
Volatility Cap Adjustment						
Sec. 256 of PA 26-68	Adjust Volatility Cap threshold	813.7	-	-	-	-
Sec. 267 of PA 26-68	Allow certain pass-through entities to earn (partially refundable) research and development tax credits	-	20.0	20.0	20.0	20.0
Subtotal		813.7	20.0	20.0	20.0	20.0
VOLATILITY CAP TOTAL		813.7	20.0	20.0	20.0	20.0
GENERAL FUND TOTAL		682.7	(855.6)	(1,003.9)	(991.8)	(968.0)
**Adjustment to reconcile with FRB Schedule of 5/1		-	92.1	-	-	-
FRB TOTAL GENERAL FUND policy changes		-	(763.5)	-	-	-
Special Transportation Fund						
Sales and Use Tax						
Sec. 262 of PA 26-68	Increase the per-item cost and expand items exempted during the sales "tax free week"	-	(0.2)	(0.2)	(0.2)	(0.3)
Sec. 272 of PA 26-68	Exempt school supplies from the sales tax	-	(0.6)	(0.6)	(0.6)	(0.6)
Subtotal		-	(0.8)	(0.8)	(0.8)	(0.9)
Transfers from / (to) Other Funds						
Sec. 276 of PA 26-68	Transfer excess STF revenues to FY 27	(100.0)	100.0	-	-	-
Subtotal		(100.0)	100.0	-	-	-
SPECIAL TRANSPORTATION FUND TOTAL		(100.0)	99.2	(0.8)	(0.8)	(0.9)

Category & Enacting Authority	Policy	FY 26	FY 27	FY 28	FY 29	FY 30
Municipal Revenue Sharing Fund						
Sales and Use Tax						
Sec. 262 of PA 26-68	Increase the per-item cost and expand items exempted during the sales "tax free week"	-	(0.2)	(0.2)	(0.2)	(0.3)
Sec. 272 of PA 26-68	Exempt school supplies from the sales tax	-	(0.6)	(0.6)	(0.6)	(0.6)
Subtotal		-	(0.8)	(0.8)	(0.8)	(0.9)
Transfers from / (to) Other Funds						
Sec. 260 of PA 26-68	Update the General Fund subsidy of the Municipal Revenue Sharing Fund	(13.1)	(15.0)	-	-	-
Subtotal		(13.1)	(15.0)	-	-	-
MUNICIPAL REVENUE SHARING FUND TOTAL		(13.1)	(15.8)	(0.8)	(0.8)	(0.9)
Mashantucket Pequot and Mohegan Fund						
Transfers from / (to) Other Funds						
Secs. 269-270 and 465 of PA 26-68	Shift the funding source for municipal aid grants to Ledyard and Montville	-	1.6	1.6	1.6	1.6
Sec. 1 of PA 26-68	Provide revenue adjustment to reflect the FY 27 appropriations change in the Mashantucket Pequot and Mohegan Fund	-	0.1	0.1	0.1	0.1
MASHANTUCKET PEQUOT AND MOHEGAN FUND TOTAL		-	1.7	1.7	1.7	1.7
Sec. 464 of PA 26-68 appropriates \$100 million to the Office of Policy and Management from the resources of the (FY 26) General Fund to provide an additional, "one-time" grant distributed according to the Mashantucket Pequot and Mohegan Fund formula.						
Cannabis Prevention and Recovery Services Fund						
Cannabis Excise Tax						
Sec. 264 of PA 26-68	Replace the Cannabis total THC potency tax with an excise tax of 10.75 and adjust the General Fund's share of revenues temporarily to hold harmless the Social Equity Fund	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
CANNABIS PREVENTION AND RECOVERY SERVICES FUND TOTAL		(0.5)	(0.5)	(0.5)	(0.5)	(0.5)

Category & Enacting Authority	Policy	FY 26	FY 27	FY 28	FY 29	FY 30
NEW Federal Cuts Response Fund						
Transfers from / (to) Other Funds						
Sec. 259 of PA 26-68	Transfer to the NEW Federal Cuts Response Fund	50.0	-	-	-	-
NEW FEDERAL CUTS RESPONSE FUND TOTAL		50.0	-	-	-	-
Cannabis Social Equity and Innovation Fund (non-appropriated)						
Cannabis Excise Tax						
Sec. 264 of PA 26-68	Replace the Cannabis total THC potency tax with an excise tax of 10.75 and adjust the General Fund's share of revenues temporarily to hold harmless the Social Equity Fund	-	-	-	(1.6)	(1.7)
CANNABIS SOCIAL EQUITY AND INNOVATION FUND TOTAL		-	-	-	(1.6)	(1.7)
Housing Trust Fund (non-appropriated)						
Transfers from / (to) Other Funds						
Sec. 261 of PA 26-68	Suspend the transfer to the Housing Trust Fund	(33.6)	(30.3)	-	-	-
HOUSING TRUST FUND TOTAL		(33.6)	(30.3)	-	-	-
Probate Court Administrator Fund (non-appropriated)						
Transfers from / (to) Other Funds						
Sec. 10 of PA 26-68	Suspend scheduled transfer from the Probate Court Administrator Fund (PCAF)	24.0	-	-	-	-
Secs. 393-395 of PA 26-68	Transfer from the PCAF to a NEW Temporary Education Aid for School Districts Account	(10.9)	-	-	-	-
PROBATE COURT ADMINISTRATOR FUND TOTAL		13.1	-	-	-	-
NEW Temporary Education Aid for School Districts Account (non-appropriated)						
Transfers from / (to) Other Funds						
Secs. 393-395 of PA 26-68	Transfer from the PCAF to a NEW Temporary Education Aid for School Districts Account	10.9	-	-	-	-
NEW TEMPORARY EDUCATION AID FOR SCHOOL DISTRICTS ACCOUNT TOTAL		10.9	-	-	-	-

Category & Enacting Authority	Policy	FY 26	FY 27	FY 28	FY 29	FY 30
NEW Hospital Supplemental Payment Account (non-appropriated)						
Hospital Provider Tax						
Sec. 359 of PA 26-68	Adjust hospital policies – support the NEW Hospital Supplemental Payment Account with the remaining hospital provider tax	-	974.0	997.8	1,022.2	1,047.3
Subtotal		-	974.0	997.8	1,022.2	1,047.3
Transfers from / (to) Other Funds						
Sec. 360 of PA 26-68	Return anticipated surplus in the Hospital Supplemental Payment Account to the General Fund	-	(10.7)	-	-	-
Subtotal		-	(10.7)	-	-	-
NEW HOSPITAL SUPPLEMENTAL PAYMENT ACCOUNT TOTAL		-	963.3	997.8	1,022.2	1,047.3
Budget Reserve Fund and/or Pensions						
Volatility Cap Adjustment						
Sec. 256 of PA 26-68	Adjust Volatility Cap threshold	(813.7)	-	-	-	-
BUDGET RESERVE FUND AND/OR PENSIONS TOTAL		(813.7)	-	-	-	-
GRAND TOTAL ALL FUNDS						
		(204.2)	162.0	(6.5)	28.4	77.0