



# Senate

General Assembly

**File No. 540**

February Session, 2022

Senate Bill No. 383

*Senate, April 20, 2022*

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

***AN ACT INCREASING THE APPLICABLE PERCENTAGE OF THE EARNED INCOME TAX CREDIT.***

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

1 Section 1. Subsection (a) of section 12-704e of the 2022 supplement to  
2 the general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective July 1, 2022, and applicable to taxable years commencing on*  
4 *or after January 1, 2022*):

5 (a) Any resident of this state, as defined in subdivision (1) of  
6 subsection (a) of section 12-701, who is subject to the tax imposed under  
7 this chapter for any taxable year shall be allowed a credit against the tax  
8 otherwise due under this chapter in an amount equal to the applicable  
9 percentage of the earned income credit claimed and allowed for the  
10 same taxable year under Section 32 of the Internal Revenue Code, as  
11 defined in subsection (a) of section 12-701. As used in this section,  
12 "applicable percentage" means (1) twenty-three per cent for taxable  
13 years commencing prior to January 1, 2021, [and] (2) thirty and one-half  
14 per cent for the taxable [years] year commencing [on or after] January 1,

15 2021, and (3) forty-one and one-half per cent for taxable years  
16 commencing on or after January 1, 2022.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2022, and applicable to taxable years commencing on or after January 1, 2022</i>	12-704e(a)

**FIN**      *Joint Favorable*

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

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**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Labor Dept.	GF - Revenue Loss	49 million	49 million

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill, which increases, from 30.5% to 41.5% of the federal credit, the value of the state earned income tax credit (EITC), results in a General Fund revenue loss of \$49 million annually beginning in FY 23.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to fluctuation in the number of EITC claimants.

**OLR Bill Analysis****SB 383*****AN ACT INCREASING THE APPLICABLE PERCENTAGE OF THE EARNED INCOME TAX CREDIT.*****SUMMARY**

Beginning with the 2022 tax year, this bill increases the state earned income tax credit (EITC) from 30.5% to 41.5% of the federal credit. The EITC is a refundable tax credit available to people who work and earn incomes below certain levels.

EFFECTIVE DATE: July 1, 2022, and applicable to tax years starting on or after January 1, 2022.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 29 Nay 20 (04/05/2022)