

OFFICE OF FISCAL ANALYSIS

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sSB-11

AN ACT MAKING ADJUSTMENTS TO STATE REVENUE AND
CONCERNING CAPTIVE INSURANCE COMPANIES.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: None

Explanation

General Fund estimated changes in \$ millions

Policy	Sec.	FY 22	FY 23	FY 24	FY 25	FY 26
Adjust Property Tax Credit Amount	1	0.0	(60.0)	(60.0)	(60.0)	(60.0)
Restore Eligibility for Property Tax Credit	1	0.0	(53.0)	0.0	0.0	0.0
Accelerate Schedule for Tax Exemptions for Certain Income from Pensions & Annuities	2	0.0	(42.9)	(29.3)	(15.6)	0.0
Expand Student Loan Tax Credit	3	0.0	(9.4)	(9.9)	(10.4)	(10.9)
Reduce Revenue Replacement from ARPA	4	(559.9)	(250.0)	0.0	0.0	0.0
Transfer ARPA HCBS / SUD Revenue from FY 22 to FY 23	5	(83.2)	83.2	0.0	0.0	0.0
Provide Tax Amnesty for Certain Insurers	6-17	0.0	7.5	0.2	0.2	0.2
Designate "revenue cap" equivalents to a Children's Trust Account*	18	0.0	0.0	(319.9)	(383.7)	(451.3)
TOTAL		(643.1)	(324.6)	(418.9)	(469.5)	(522.0)

*Newly established, separate non-lapsing account

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Section 18 of the bill designates "revenue cap" equivalents to be transferred out of the General Fund to a newly established, separate and non-lapsing account, beginning in FY 24. The "revenue cap" percentages under current law are unaffected¹ by the bill. The bill redirects these resources from supporting the General Fund in the event of future deficits or (in the case of operating surpluses) making deposits into pension funds to reduce unfunded liabilities.² Through FY 26, up to approximately \$1,154.9 million in total could be redirected under the bill. The impact will preclude future reductions in the unfunded pension liability and the annual actuarially determined employer contribution (ADEC).

"Revenue cap" requirements

Fiscal Year	Maximum appropriations as a percentage of revenues	Budget surplus a.k.a. "revenue cap" requirement	Total
2020	99.50%	0.50%	100.00%
2021	99.25%	0.75%	100.00%
2022	99.00%	1.00%	100.00%
2023	98.75%	1.25%	100.00%
2024	98.50%	1.50%	100.00%
2025	98.25%	1.75%	100.00%
2026 +	98.00%	2.00%	100.00%

¹ The "revenue cap" requirement is scheduled to increase to 2.00% in FY 26 and remain at that rate thereafter.

² Provided that the Budget Reserve Fund remains at the 15% maximum of net total General Fund appropriations, any additional General Fund operating surpluses would be deposited into either of teachers or state employees' pension systems.

Section 4 of the bill reduces reliance on certain federal ARPA funds to balance the State's FY 22 – FY 23 General Fund budget, as illustrated below.

Use of Federal ARPA (State Fiscal Recovery Fund) as CT Revenue
(in \$ millions)

Fiscal Year	Original Budget	sSB 11	Difference
2022	559.9	0.0	(559.9)
2023	1,194.9	944.9	(250.0)
TOTAL	1,754.8	944.9	(809.9)

The Out Years

State Impact: See table and analysis above

Municipal Impact: None