
OLR Bill Analysis

sHB 5487

AN ACT CONCERNING THE PROPERTY TAX CREDIT AGAINST THE PERSONAL INCOME TAX.

SUMMARY

This bill makes several changes to the property tax credit against the personal income tax. Beginning with the 2022 tax year, the bill (1) increases the credit from \$200 to \$400 and (2) expands the number of people eligible to claim the credit by eliminating provisions limiting the credit to people who are age 65 or older or claim dependents on their tax return. Beginning in the 2023 tax year, the bill requires the credit to be annually adjusted by the percent “increase in inflation,” rounded to the nearest dollar. “Increase in inflation” means the increase in the consumer price index for urban consumers during the prior year, calculated on an August-over-August basis, using U.S. Bureau of Labor Statistics data.

By law, taxpayers earn the credit for property taxes paid on their primary residences or motor vehicles, and the amount of property taxes paid that can be taken as a credit declines as adjusted gross income (AGI) increases until it completely phases out. The bill (1) increases, from \$70,500 to \$80,000, the AGI threshold above which the credit begins to phase out for married individuals filing jointly and (2) beginning in the 2023 tax year, requires the thresholds for all filing statuses to be annually adjusted by the increase in inflation and rounded to the nearest dollar. The bill also slows down the credit’s phase-out by requiring that the credit be reduced by 15% for each \$20,000, or part of \$20,000, rather than each \$10,000, or part of \$10,000, as current law requires.

Finally, the bill makes the credit refundable and makes various technical and conforming changes.

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

BACKGROUND

Related Bill

sSB 11, favorably reported by the Finance, Revenue and Bonding committee, increases the property tax credit from \$200 to \$300 and expands the number of people eligible for the credit by eliminating provisions restricting the credit to seniors and those with dependents.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 50 Nay 1 (04/06/2022)