
OLR Bill Analysis

sSB 443

AN ACT CONCERNING THE TAX INCIDENCE REPORT AND TAX INCIDENCE ANALYSES.

SUMMARY

This bill (1) expands the scope of the tax incidence study the Department of Revenue Services (DRS) must biennially submit to the legislature and post on its website and (2) advances the deadline for the next study, from February 15, 2024, to December 15, 2023.

The bill also authorizes the co-chairpersons of the Finance, Revenue and Bonding Committee to ask the DRS commissioner to prepare an incidence impact analysis of any bill or proposal that the Office of Fiscal Analysis projects will increase or decrease tax revenue, or redistribute the tax burden, by more than \$20 million. It outlines specific components that DRS must include in these analyses.

EFFECTIVE DATE: July 1, 2022

TAX INCIDENCE STUDY

By law, the DRS tax incidence study must provide the overall incidence of the income tax, sales and excise taxes, corporation business tax, and property tax. The bill requires that it (1) provide this information for each of the most recent 10 tax years for which complete data are available and (2) include incidence projections for each of these taxes.

Under current law, the report must present information on the tax burden distribution for individual taxpayers by income classes, including income distribution by income deciles (i.e., every 10 percentage points). The bill additionally requires it to:

1. present this information for the top 1% and 5% of all income taxpayers; and

2. provide, for each income class, the (a) percentage of taxpayers who are homeowners, single, married, or seniors or have children; (b) average market value of a home; and (c) average monthly rent.

INCIDENCE IMPACT ANALYSES

Under the bill, the incidence impact analyses prepared by DRS must:

1. present information using systemwide measures, by income classes, taxpayer characteristics, or other relevant categories;
2. analyze the bill or proposal's effect on representative taxpayers;
3. to the extent data are available, report the incidence effects the commissioner believes would result if the bill or proposal were enacted; and
4. state the incidence assumptions used to determine any tax burden distribution or redistribution.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 36 Nay 14 (04/05/2022)