

OFFICE OF FISCAL ANALYSIS

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sHB-5344

AN ACT ESTABLISHING FIRST-TIME HOMEBUYER SAVINGS
ACCOUNTS AND A RELATED TAX DEDUCTION AND CREDIT.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Revenue Serv., Dept.	GF - Cost	None	Up to 175,000
Revenue Serv., Dept.	GF - Revenue Loss	None	None

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which establishes a first-time homebuyer savings account program and associated personal income tax deduction and business tax credit, results in a General Fund revenue loss of up to \$712,000 in FY 27 and up to \$960,000 in FY 28. The revenue loss would grow in FY 29 and beyond subject to program utilization rates.

The bill also results in a one-time cost of up to \$175,000 to the Department of Revenue Services in FY 26 associated with programming updates to the CTax tax administration system and myconneCT online portal, form modification, and printing/ mailing costs.

The Out Years

Personal Income Tax Deduction

The personal income tax deduction for qualifying account contributions, accrued interest, and withdrawals is estimated to result

in a revenue loss of up to \$112,000 in FY 27 and up to \$79,500 in FY 28.¹ The revenue loss could approach \$425,000 by FY 35.

Business Tax Credit

The credit for employer contributions is estimated to result in a revenue loss of up to \$600,000 in FY 27 and up to \$880,500 in FY 28. The revenue loss could annualize to approximately \$800,000 beginning in FY 30. This estimate assumes that the same level of qualifying accounts as the estimate for the personal income tax deduction.

Sources: Iowa Department of Revenue

¹ The estimated revenue loss is larger in FY 27 as the bill specifies that, for the 2026 tax year only, account holders may deduct the amount contributed (less withdrawals) for both the 2025 and 2026 tax years.