



**Governor Ned Lamont  
State of Connecticut**



FACT SHEET  
2024 Legislative Session

**SENATE BILL 16  
AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET**

**Summary of Proposal:**

This bill contains the major revenue elements of the Governor's proposed FY 2025 midterm budget adjustments. General Fund revenue would decrease by \$45.0 million in FY 2024 and increase by \$70.6 million in FY 2025 prior to accounting for the state's revenue cap. The Special Transportation Fund revenue would not be affected in FY 2024 and FY 2025.

**Reason for Proposal:**

To adjust revenue to support Governor Lamont's proposed FY 2025 midterm budget adjustments.

**Significant Impacts:**

The bill will have the following impact on the state's revenue in FY 2024 and FY 2025 (all dollar amounts in millions):

<b>Sec.</b>	<b><u>Legislative Proposals – General Fund</u></b>	<b><u>FY 2024</u></b>	<b><u>FY 2025</u></b>
1-8	Eliminate Certain Fees	\$ 0.0	\$ (3.5)
9 & 26	Repeal Historic GAAP Deficit Retirement Sections (Repeal Admin. Sections)	0.0	0.0
10-14, 27, 29	Repeal MRSF Residual Grant & Carryover Excess Funds	0.0	0.0
15	Adjust Workforce Housing Tax Credit to 50% of Cash Contribution	0.0	0.0
16	Incentive to Challenge Remote Workers Tax	0.0	0.0
17 & 28	Repeal Share Plan	0.0	0.0
18-19	STF 18% Surplus Cap-Treasurer's Discretion to Use Excess to Pay Off STO Bonds	0.0	0.0
20	Suspend FY 2025 Transfer to Tobacco Settlement Fund	0.0	12.0
21, 23, 30	Transfer Unobligated Biomedical Research Trust Funds to GF	0.0	0.8
22	Transfer Balance of CT Itinerant Vendors Guaranty Fund to GF	0.0	0.0
24	Increase Existing FY 2024 Transfer to FY 2025 From \$95M to \$140M	(45.0)	45.0
25	Reduce GF Subsidy Transfer to MRSF to Reflect Actual Costs	0.0	16.3
	<b>TOTAL GENERAL FUND REVENUE</b>	<b>\$ (45.0)</b>	<b>\$ 70.6</b>

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Additional Information:

Sections 1-8: Eliminate Certain Fees. This proposal would eliminate six initial application fees. Five of the initial application fees are being proposed to be eliminated in an effort to encourage workers looking for employment to seek jobs in fields in which there is a significant need to fill available openings, and the sixth initial application fee is for opening a home daycare facility. The fee names, amount per fee, annual number of applications, and the estimated revenue loss can be seen in the table below:

**GENERAL FUND**

<u>Application Fee</u>	<u>Fee Amount</u>	<u>Annual # of Applications</u>	<u>Agency</u>	<u>Est Cost</u>
1. Initial Educator Cert.	\$200	5,000	SDE	\$1,000,000
2. Child Care Home - Family	\$15/\$40	500	OEC	20,000
3. Registered Nurse - Initial Fee	\$180	11,139	DPH	2,005,000
4. Licensed Practical Nurse - Initial Fee	\$150	1,162	DPH	174,300
5. Advanced Practice Reg Nurse - Initial Fee	\$200	1,300	DPH	260,000
<b>6. General Fund Total</b>		<b>19,101</b>		<b><u><u>\$3,459,300</u></u></b>

Sections 9 & 26: Repeal Historic GAAP Deficit Retirement Sections (Repeal Admin. Sections). This proposal would repeal the administrative-related language around the GAAP deficit language. In the 2023 legislative session, the General Assembly retired the GAAP Bonds in FY 2024 by appropriating an additional \$211.7 million of debt service in FY 2023 making this language unnecessary. There is no fiscal impact with this proposal.

Sections 10-14, 27, & 29: Repeal MRSF Residual Grant & Carryover Excess Funds. By section, this proposal would:

Section 10 moves the statutory formula for motor vehicle car tax reimbursements and language establishing the municipal spending cap from section 4-66l to section 4-66p, the section concerning payments from the Municipal Revenue Sharing Fund (MRSF). This section also amends the penalty for towns that exceed the municipal spending cap so that such municipalities may not receive Supplemental Revenue Sharing grants. The municipal spending cap is adjusted to match the annual CPI increase in years when inflation is greater than 2.5%.

Sections 11-14 make conforming changes to statutes concerning MRSF.

Section 27 repeals an outdated provision concerning a revenue transfer in FY 2017 only.

Section 29 repeals section 4-66l, which directed payments from the Municipal Revenue Sharing Account, which is no longer in use. After the changes made in section 10 of this act, the program under section 4-66l that remains operative is the payment of Municipal Revenue Sharing grants, which distribute the balance of revenue in MRSF after appropriated grants have been paid. Section 29 repeals this language.

Section 15: Establish that Workforce Housing Tax Credit is Equal to 50% of Cash Contribution. This proposal would establish that the credit is equal to 50% of the cash contribution to an eligible developer of workforce housing. Under current law, the tax credit value is not specified in statute, but is left to the Commissioner of Housing. There is no fiscal impact with this proposal as there is a issuance cap of \$5 million per fiscal year that is already assumed in the budget projections.

Section 16: Incentive to Challenge Remote Workers Tax. This proposal would create an incentive under our state personal income tax to challenge New York state's interpretation of remote work rules – rules which allow New York to tax Connecticut residents when they work from home for a New York based firm. Specifically, this proposal would create a new income tax credit to individuals who successfully challenge this remote worker tax. After receiving a refund of the taxes they paid to New York, a successful challenger must report an adjustment on their Connecticut return for taxes paid to another state - resulting in additional tax due to Connecticut. The Governor proposes to add a credit equal to 50 percent of this additional tax that is owed to Connecticut and to waive any penalty and interest associated with a successful New York challenge. If the New York remote worker tax is successfully challenged, this proposal could generate over \$200 million annually in future years – while at the same time reducing the overall tax burden for Connecticut residents who remotely work for New York firms.

Sections 17 & 28: Repeal Share Plan. This proposal would repeal the Share Plan established under sections 390-392 of PA 23-204. Under the Share Plan, eligible employers would receive significant tax subsidies in exchange for making distributions of common stock of such company to participating employees and meeting certain other requirements. In return for participating, the eligible employer would be exempt from the corporation tax surcharge or, if the surcharge has sunset, would be entitled to claim a credit equal to the amount that the surcharge would have been. The number of employees that would benefit from this program is relatively small (only approximately 0.3% of CT firms and 8.3% of CT employees are eligible), especially when compared to the potential cost that it will take to subsidize such program. The revenue loss that would otherwise subsidize such a limited impact is better used for purposes that have a broader impact.

Sections 18-19: STF 18% Surplus Cap-Treasurer's Discretion to Use Excess to Pay Off STO Bonds. This proposal would limit the cumulative balance in the STF at 18% of current year appropriations. Any balance above this threshold will be used to pay down outstanding STF debt. The first year is estimated to be around \$500 million in debt retirement resulting in an annualized debt service savings of just under \$60 million. There is expected to be some loss in interest income beginning in FY 2026 due to smaller cash reserves.

Section 20: Suspend FY 2025 Transfer to Tobacco and Health Trust Fund. This proposal would suspend the \$12 million transfer from the General Fund to the Tobacco and Health Trust Fund in FY 2025 only. The Tobacco and Health Trust Fund board will receive \$24 million over FY 2023 & FY 2024. This money has not yet been committed due to delays in filling appointments to reconstitute the board. This would result in a revenue gain in the General Fund of \$12.0 million in FY 2025.

Sections 21, 23, & 30: Transfer Unobligated Biomedical Research Trust Funds to GF. This proposal would transfer the remaining revenue in the Biomedical Research Trust Fund to the General Fund. Years ago,

the state would set aside a portion of the Tobacco Settlement funds for both the Tobacco and Health Trust Fund and the Biomedical Research Trust Fund (BRTF). DPH would issue grants based upon funding levels. The transfer to BRTF ended several years ago and DPH has not entered into any contracts since 2015. This left stranded \$758,696 which the Governor's budget transfers to the General Fund in FY 2025.

Section 22: Transfer Balance of CT Itinerant Vendors Guaranty Fund to GF. This proposal would transfer the remaining revenue in the CT Itinerant Vendors Guaranty Fund to the General Fund. PA 17-75 repealed this fund and this proposal would sweep the remaining funds of \$46,200.

Section 24: Increase Existing FY 2024 Transfer to FY 2025 From \$95M to \$140M. This proposal would increase the revenue transfer from FY 2024 to FY 2025 from \$95 million to \$140 million, an increase of \$45 million. The revenue transfer was originally established under section 382 of PA 23-204. As a result, FY 2024 revenues would decrease by \$45 million and FY 2025 revenues would increase by \$45 million.

Section 25: Reduce GF Subsidy Transfer to MRSF to Reflect Actual Costs. This proposal would reduce the revenue transfer from the General Fund to the Municipal Revenue Sharing Fund (MRSF) from \$104.9 millions to \$88.6 million in FY 2025, a reduction of \$16.3 million. This reduction is being proposed in order to reflect the actual cost of the grants to towns, of which, \$16.3 million was not needed. As a result, MRSF revenues would decrease by \$16.3 million in FY 2025 and revenues in the General Fund would increase by \$16.3 million in FY 2025.