

OFFICE OF FISCAL ANALYSIS

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sHB-6922

AN ACT CONCERNING THE BUSINESS OPERATING LOSS
CARRY-OVER PERIOD.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Revenue Serv., Dept.	GF - Revenue Loss	Up to 7.5 million	Up to 4.7 million
Revenue Serv., Dept.	GF - Cost	Up to 50,000	Up to 50,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which extends the net operating loss (NOL) carryforward period for NOLs incurred beginning with the 2015 income year, results in (1) a General Fund revenue loss of up to \$7.5 million in FY 24 (includes retroactive impact) and up to \$4.7 million annually thereafter, and (2) an ongoing General Fund cost to the Department of Revenue Services (DRS) of up to \$50,000 annually beginning in FY 24 associated with retaining and storing business tax forms for an additional 10 years.

The revenue estimate is based on data from DRS indicating that a total of 5,960 corporate business tax filers applied \$1,243,980,652 in NOLs in the 2020 income year.

The Out Years

The annualized ongoing revenue impact identified above would continue into the future. The annualized ongoing cost impact identified above would continue into the future subject to inflation.

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