



Senate

General Assembly

File No. 367

January Session, 2019

Substitute Senate Bill No. 746

Senate, April 3, 2019

The Committee on Higher Education and Employment Advancement reported through SEN. HASKELL of the 26th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT ESTABLISHING THE ROBERTA B. WILLIS SCHOLARSHIP ACCOUNT AND CREATING A BUSINESS TAX CREDIT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2019*) There is established an
2 account to be known as the "Roberta B. Willis Scholarship account"
3 which shall be a separate, nonlapsing account within the General
4 Fund. The Office of Higher Education shall deposit in said account any
5 private donation, bequest or devise made to it for the Roberta B. Willis
6 Scholarship program established pursuant to section 10a-173 of the
7 general statutes. Said account is intended to be in addition to those
8 resources that are appropriated by the state for the Roberta B. Willis
9 Scholarship program. The office shall use the resources of the account
10 to supplement the funding of the need and merit-based grants
11 awarded from said scholarship program. The office shall adopt
12 guidelines with respect to the solicitation of private donations for the
13 purposes of this section.

14 Sec. 2. (NEW) (*Effective January 1, 2020, and applicable to taxable years*
15 *commencing on or after January 1, 2020*) Commencing January 1, 2020,
16 and in each taxable year thereafter, any business authorized to do
17 business in the state that donates to the Office of Higher Education for
18 the Roberta B. Willis Scholarship program may claim a credit against
19 the tax imposed under chapter 208 of the general statutes. Such credit
20 shall be equal to fifty per cent of the amount of the actual donation
21 made by the business to the program during the taxable year,
22 provided the total amount of tax credits awarded under this section
23 shall not exceed twenty-seven million dollars. Any donation to the
24 program in excess of the amounts due during the taxable year shall not
25 qualify for the credit. A business that claims the credit under this
26 section shall provide any documentation required by the
27 Commissioner of Revenue Services in a form and manner prescribed
28 by said commissioner.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2019</i>	New section
Sec. 2	<i>January 1, 2020, and applicable to taxable years commencing on or after January 1, 2020</i>	New section

HED *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Revenue Serv., Dept.	GF - Potential Revenue Loss	None	Up to 27 million
Higher Ed., Off.; Higher Education Constituent Units	GF - Potential Revenue Gain	None	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which establishes a tax credit against the Corporation Business Tax for certain corporate donations, results in a potential General Fund revenue loss of up to \$27 million as early as FY 21 and a potential revenue gain to the Roberta B. Willis Scholarship account.

The bill establishes a tax credit equal to 50% of amounts donated to the Roberta B. Willis Scholarship account up to a cap of \$27 million in total credits awarded. To the extent such eligible donations are made, there is a General Fund revenue loss of up to \$27 million. The actual amount and timing of the revenue loss is dependent upon the amount and timing of any credit-eligible donations.

The bill results in a potential revenue gain to the Roberta B. Willis Scholarship account and a potential revenue gain in state financial aid revenue to the higher education constituent units, beginning in FY 21. It is anticipated that any donations to the account received in FY 20 will be disbursed by the Office of Higher Education to the constituent units and other eligible institutions in FY 21. The amount of the

potential revenue gain in any fiscal year to the account and the constituent units is indeterminate as it is dependent on the total amount of donations received.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the \$27 million cap in total tax credits allowed under the bill.

OLR Bill Analysis**sSB 746*****AN ACT ESTABLISHING THE ROBERTA B. WILLIS SCHOLARSHIP ACCOUNT AND CREATING A BUSINESS TAX CREDIT.*****SUMMARY**

This bill establishes a General Fund account to accept privately donated funds that benefit the Roberta B. Willis Scholarship program, the state's student aid program for residents attending public and private in-state colleges and universities.

It also creates a corporate business tax credit for Connecticut businesses that donate to the Office of Higher Education (OHE) for the scholarship program. OHE is the state agency responsible for administering the program.

EFFECTIVE DATE: July 1, 2019, for establishment of the account; January 1, 2020, and applicable to taxable years beginning on and after January 1, 2020, for the tax credit.

SCHOLARSHIP ACCOUNT

The bill establishes the "Roberta B. Willis Scholarship account," a separate, nonlapsing account in the General Fund. OHE must deposit any private donation, bequest, or devise it receives for the scholarship program into this account. Under the bill, funds in this account are intended for OHE to use to supplement state-appropriated funds for the scholarship program to award need- and merit-based grants.

The bill also requires OHE to adopt guidelines for soliciting private donations for this account.

CORPORATE BUSINESS TAX CREDIT

The bill allows businesses authorized to do business in the state to

claim a corporate business tax credit for donating to OHE for the scholarship program for 50% of the donated amount, but any donation that exceeds the amount due in the taxable year does not qualify for the credit. The bill limits the total amount of awarded tax credits to \$27 million. Businesses must provide documentation to the revenue services commissioner in a form and manner he prescribes in order to claim the credit.

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 16 Nay 6 (03/14/2019)