SB-72
AN ACT ESTABLISHING A TAX CREDIT FOR EMPLOYERS THAT MAKE PAYMENTS ON LOANS ISSUED TO CERTAIN EMPLOYEES BY THE CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY.
As Amended by Senate "A" (LCO 8228), Senate "B" (LCO 8999)
Senate Calendar No.: 139

OFA Fiscal Note

State Impact:

<table>
<thead>
<tr>
<th>Agency Affected</th>
<th>Fund-Effect</th>
<th>FY 20 $</th>
<th>FY 21 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Revenue Services</td>
<td>GF - Revenue Loss</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Department of Revenue Services</td>
<td>GF - Cost</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which establishes a credit against the Corporation Business and Insurance Premiums taxes for certain student loan payments on employees’ behalf, results in: 1) a General Fund revenue loss of up to $525,000 annually beginning in FY 23, and 2) a one-time cost to the Department of Revenue Services (DRS) of $75,000 for updates to the online Taxpayer Service Center and internal Integrated Tax Administration System in FY 22 only.

The actual revenue loss is dependent on: 1) the number of firms making eligible loan payments, 2) the number of qualified employees with eligible loans, and 3) the total amount of qualified loan repayment by employers.
The tax credit is equal to 50% of all payments made on behalf of a qualified employee to the Connecticut Higher Education Supplemental Loan Authority (CHESLA) on refinanced loans the authority issued, up to $2,625 per qualified employee annually. Based on information from the CHESLA there are currently 172 such loans in repayment.

Senate “A” alters the underlying bill by: 1) delaying the effective date, 2) extending the credit to the Insurance Premiums Tax, and 3) capping the credit at $2,625 per year per student.

Senate “B” limits the credit to refinanced CHESLA loans only.

**The Out Years**

**State Impact:**

<table>
<thead>
<tr>
<th>Agency Affected</th>
<th>Fund-Effect</th>
<th>FY 22 $</th>
<th>FY 23 $</th>
<th>FY 24 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Revenue Services</td>
<td>GF - Revenue Loss</td>
<td>None</td>
<td>Up to 525,000</td>
<td>Up to 525,000</td>
</tr>
<tr>
<td>Department of Revenue Services</td>
<td>GF - Cost</td>
<td>75,000</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

Note: GF=General Fund

**Municipal Impact:** None

*The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does 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.*

*Sources: Connecticut Higher Education Supplemental Loan Authority*