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.

SUMMARY

This bill establishes a state corporation business tax credit for an employer that makes eligible education loan payments on a qualified employee’s behalf. The credit equals 50% of all payments made on behalf of a qualified employee to the Connecticut Higher Education Supplemental Loan Authority (CHESLA) on loans the authority issued. Under the bill, an employee must:

1. be a Connecticut resident working at least 35 hours per week at a corporation licensed in Connecticut that is subject to the corporation business tax, and

2. have resided and been employed full-time (35 hours per week or more) in Connecticut for at least five years after graduating from an institution of higher education or refinancing one or more student loans with CHESLA.

The bill limits employers from claiming credits for (1) more than five taxable years per employee or (2) loan payments greater than the amount due by the employee in a single taxable year. (The bill is silent as to how the amount due in a single year is calculated.)

To claim the credit, the employer must submit any documentation required by the revenue services commissioner in a form and manner he prescribes.

EFFECTIVE DATE: January 1, 2020, and applicable to tax years commencing on or after that date
COMMITTEE ACTION

Banking Committee

Joint Favorable
Yea 10 Nay 5 (03/12/2019)