

OFFICE OF FISCAL ANALYSIS

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sSB-652

AN ACT ESTABLISHING A TAX CREDIT FOR DONATIONS TO
THE ROBERTA B. WILLIS SCHOLARSHIP PROGRAM.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Department of Revenue Services	GF - Potential Revenue Loss	Up to 16 million	Up to 32 million
Higher Ed., Off.; Constituent Units of Higher Education	GF - See Below	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which establishes a tax credit against the corporation business and personal income taxes for certain donations, results in a potential General Fund revenue loss of up to \$16 million in FY 22 and up to \$32 million in FY 23 and annually thereafter.¹ It also results in a potential revenue gain to the Roberta B. Willis Scholarship program donation account as early as FY 21; beginning as early as FY 22 the potential revenue gain will be offset by a forced lapse in the account in a commensurate amount, making the net impact to the scholarship account zero at that time.²

¹ The bill caps the total annual credits for the first income and taxable year at \$16 million and \$32 million for subsequent years. It is assumed that this equates to a \$16 million cap for the 2021 income and taxable year and a \$32 million cap for all subsequent income and taxable years.

² Beginning in FY 22, the Office of Higher Education must lapse an amount equal to the amount of donations received during the previous calendar year.

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The bill establishes a tax credit equal to 40% of eligible amounts donated (up to \$60,000 per taxpayer) to the Roberta B. Willis Scholarship program donation account. To the extent such eligible donations are made, there is a General Fund revenue loss of up to \$16 million in FY 22 and up to \$32 million in FY 23 and annually thereafter. The actual amount and timing of any revenue loss is dependent upon the amount and timing of any credit-eligible donations and subsequent credit claims.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the \$32 million cap on total tax credits allowed annually under the bill.
