



Senate

General Assembly

File No. 306

February Session, 2022

Substitute Senate Bill No. 45

Senate, April 5, 2022

The Committee on Commerce reported through SEN. HARTLEY of the 15th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE LEARN HERE, LIVE HERE PROGRAM.

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

1 Section 1. Section 32-4i of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) [The] On or before October 1, 2022, the Commissioner of Economic
4 and Community Development, in consultation with the Commissioner
5 of Revenue Services and the president of the Connecticut State Colleges
6 and Universities, [may] shall establish the Learn Here, Live Here
7 program. Such program [may] shall provide an incentive for graduates
8 of a public or private high school, public institution of higher education,
9 private university or college, or health care training school in this state,
10 or graduates from a technical education and career school, to buy a first
11 home in the state. Persons who graduate on or after January 1, [2014]
12 2023, from such institutions, universities, colleges or schools may have
13 their income tax liability, up to a maximum of two thousand five
14 hundred dollars annually, segregated into the Connecticut first-time
15 homebuyers account established pursuant to section 32-4j, provided not

16 more than [one] five million dollars from all program participants may
17 be so segregated in any calendar year. After a period not exceeding ten
18 years after graduation, any amounts so segregated may be withdrawn
19 by a participant for the purchase of a first home in the state. The
20 Commissioner of Economic and Community Development may make
21 payments in accordance with this section from said fund to the
22 participants. For the purposes of this section, "health care training
23 school" means a medical or dental school, chiropractic college, school or
24 college of optometry, school or college of chiropody or podiatry, school
25 of occupational therapy, hospital-based occupational school, school or
26 college of naturopathy, school of dental hygiene, school of physical
27 therapy or any other school or institution giving instruction in the
28 healing arts.

29 (b) (1) After a period not exceeding ten years after the date of
30 graduation, a participant in the program established pursuant to
31 subsection (a) of this section may apply to the Commissioner of
32 Economic and Community Development for a payment to be issued, on
33 behalf of such participant, and used as the down payment on a house,
34 which must be the first house such participant has bought, either singly
35 or jointly. Such payment may be in an amount equal to the amount of
36 segregated funds deposited on behalf of such participant. If the payment
37 is less than such amount, any excess amount shall be deposited in the
38 General Fund.

39 (2) If a participant ceases to live in the state at any time up to one year
40 after [such date] the date on which the Commissioner of Economic and
41 Community Development issued the payment to the participant, such
42 participant shall repay one hundred per cent of the amount paid out. If
43 a participant ceases to live in the state at any time up to two years after
44 such date, such participant shall repay eighty per cent of the amount
45 paid out. If a participant ceases to live in the state at any time up to three
46 years after such date, such participant shall repay sixty per cent of the
47 amount paid out. If a participant ceases to live in the state at any time
48 up to four years after such date, such participant shall repay forty per
49 cent of the amount paid out. If a participant ceases to live in the state at

50 any time up to five years after such date, such participant shall repay
51 twenty per cent of the amount paid out. After five years, there is no
52 repayment obligation. Any amounts repaid under this subdivision shall
53 be deposited in the General Fund.

54 (c) On or before December 1, [2012] 2022, the Commissioner of
55 Economic and Community Development [may] shall develop, within
56 available appropriations, a comprehensive public education program to
57 educate recent graduates of a public or private high school, public
58 institution of higher education, private university or college, or health
59 care training school in the state, or of a technical education and career
60 school, about the program established under this section for first-time
61 home buyers. The public education program shall include, but not be
62 limited to, information concerning life-time savings plans and
63 information on the purchase of a home. [If the commissioner develops
64 such public education program, the] The department shall begin to
65 implement such program not later than January 1, [2014] 2023.

66 Sec. 2. Section 32-4k of the general statutes is repealed and the
67 following is substituted in lieu thereof (*Effective October 1, 2022*):

68 As part of the Learn Here, Live Here program established pursuant
69 to section 32-4i, for taxable years commencing on or after January 1,
70 [2014] 2023, the Commissioner of Revenue Services shall segregate the
71 income taxes paid by a participant in said program during a period not
72 exceeding ten taxable years following the year of graduation. Upon the
73 request of such participant, the commissioner shall segregate an annual
74 amount of such tax liability, up to a maximum of two thousand five
75 hundred dollars per year. The total amount segregated for all program
76 participants shall not exceed [one] five million dollars in any calendar
77 year. The commissioner shall deposit such segregated amounts into the
78 Connecticut first-time homebuyers account established pursuant to
79 section 32-4j.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	32-4i
Sec. 2	<i>October 1, 2022</i>	32-4k

Statement of Legislative Commissioners:

Section 2 was added to conform with the changes being made in Section 1.

CE *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 23 \$	FY 24 \$
Department of Economic & Community Development	GF - Cost	146,076	176,434
Revenue Serv., Dept.	GF - Cost	100,000	None
State Comptroller - Fringe Benefits ¹	GF - Cost	49,072	65,429
Revenue Serv., Dept.;	GF - Revenue Loss	None	Up to 5,000,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which requires the Department of Economic and Community Development (DECD) to establish the currently optional Learn Here, Live Here program, results in: 1) a General Fund revenue loss of up to \$5 million annually beginning in FY 24, 2) an annualized ongoing salary and fringe benefit cost of \$170,147 in FY 23 and \$226,863 annually thereafter, 3) marketing and administrative costs of \$25,000 in FY 23 and \$15,000 annually thereafter and 4) a one-time cost of \$100,000 to the Department of Revenue Services (DRS) in FY 23 only.

Projected Costs

Assuming 2,000 participants set aside the maximum \$2,500 in income tax payments annually the DECD would require two full-time position

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.53% of payroll in FY 23.

at an annual cost of approximately \$226,863 (\$161,434 for salary and \$65,429 for fringe benefits). These positions would be responsible for tracking the income eligibility, employment, residency, and participation status of program participants, as well as coordinating with the DRS to ensure proper income tax set-asides and file liens against any property's title for all homes purchased pursuant to the program. They would also be responsible for enforcing the program's claw back provisions as needed. The DECD would also incur additional costs associated with marketing materials and other administrative expenses to be \$25,000 in FY 23 and \$15,000 annually thereafter once the program is implemented. The proposal is also estimated to result in a one-time set up and programming cost of \$100,000 in FY 20 to the DRS to administer the tax provisions of the proposal.

Background

According to data from the Office of Higher Education and the State Department of Education, there are approximately 45,000 graduates from public colleges, independent colleges and vocational technical schools per year. The Connecticut Department of Labor reports that 68% of the 2015 public college graduates were employed in Connecticut nine months after graduation; it is not known how many independent college or vocational school graduates remain in the state.

The Out Years

The annualized ongoing cost impact identified above would continue into the future subject to inflation. The annualized ongoing revenue impact identified above could be mitigated in the out years to the extent that program participants are subject to the bill's claw back provisions.

Sources: [Department of Labor, Connecticut Employment and Training Commission 2016-17 Legislative Report Card](#)
[Office of Higher Education, 2017-18 Degrees and Certificates Conferred Report](#)

OLR Bill Analysis**sSB 45*****AN ACT CONCERNING THE LEARN HERE, LIVE HERE PROGRAM.*****SUMMARY**

This bill requires the Department of Economic and Community Development (DECD) commissioner, in consultation with the Department of Revenue Services (DRS) commissioner and Connecticut State Colleges and Universities (CSCU) president, to establish the Learn Here, Live Here program by October 1, 2022. Current law allows these officials to establish the program, but in practice they have not done so.

Under current law, the Learn Here, Live Here program, if established, allows eligible graduates to segregate a portion of their income tax payments and use them later for a down payment on the purchase of their first home in Connecticut. In mandating the program's establishment, the bill generally retains the program parameters established in current law, except that it (1) increases, from \$1 million to \$5 million, the cap on the aggregate amount of income tax payments that may be segregated annually under the program and (2) extends eligibility to graduates of in-state public and private high schools. (Current law generally limits eligibility to graduates of in-state postsecondary institutions, see BACKGROUND.)

The bill also makes conforming changes to the program's implementation deadlines. Under current law, the program must be open to eligible students who graduate on or after January 1, 2014, from eligible institutions. The bill instead opens it to eligible students who graduate on or after January 1, 2023. It similarly delays, from January 1, 2014, to January 1, 2023, the date by which the DRS commissioner must begin segregating participating graduates' income tax payments. The bill also requires the DECD commissioner to (1) develop a comprehensive public education program by December 1, 2022, and (2)

implement it by January 1, 2023.

Lastly, the bill makes technical and conforming changes.

EFFECTIVE DATE: Upon passage, except that a conforming change is effective October 1, 2022.

BACKGROUND

Program Requirements

Once activated, the law allows participating graduates to segregate up to \$2,500 per year from their income tax payments for up to 10 years after graduation into the Connecticut first-time homebuyers account. A participant may apply to the DECD commissioner to withdraw some or all of the funds for a down payment any time within 10 years after graduation, and any balance remaining after 10 years must be deposited in the General Fund. If the participant does not withdraw any funds after 10 years, the entire amount must be deposited in the General Fund. If the participant moves out of Connecticut within five years after receiving funds for a down payment, he or she must repay the amount received on a prorated basis (e.g., 40% of the amount received for departures within four years after the payment).

Eligibility

The Learn Here, Live Here program is designed to help students graduating from specific educational institutions save money toward the purchase of their first home in Connecticut. Under current law, the program, once activated, is open to students graduating from regional technical schools, public or private universities and colleges in Connecticut, and health care training schools located here. The latter includes medical or dental schools, chiropractic colleges, optometry schools or colleges, chiropody or podiatry schools or colleges, occupational therapy schools, hospital-based occupational schools, naturopathy schools or colleges, dental hygiene schools, physical therapy schools, and any other healing arts school or institution.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 21 Nay 2 (03/18/2022)