



General Assembly

**Substitute Bill No. 6884**

January Session, 2025



**AN ACT EXPANDING TAX CREDITS FOR STUDENT LOAN PAYMENTS TO INCLUDE PASS-THROUGH ENTITIES.**

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

1 Section 1. Section 12-217qq of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective January 1, 2026, and*  
3 *applicable to taxable years commencing on or after January 1, 2026*):

4 (a) As used in this section:

5 (1) "Commissioner" means the Commissioner of Revenue Services;

6 (2) "Full-time" means required to work at least thirty-five hours per  
7 week;

8 (3) "Qualified employee" means an individual who (A) is a resident  
9 of the state, (B) has earned [his or her] such individual's first bachelor's  
10 degree from an institution of higher education in the immediately  
11 preceding five-year period, (C) is employed full-time in the state by a  
12 qualified employer, (D) is not an owner, member or partner of such  
13 qualified employer or a family member of an owner, member or partner  
14 of such qualified employer, and (E) has received a student education  
15 loan;

16 (4) "Qualified employer" means a [corporation] taxpayer licensed to

17 operate a business in the state that is subject to tax under this chapter,  
18 [or] chapter 207 or chapter 229;

19 (5) "Qualified small business" means a qualified employer that has  
20 gross receipts of not more than five million dollars for the calendar, [or]  
21 income or taxable year, as applicable, for which a credit under this  
22 section is allowed;

23 (6) "Student education loan" has the same meaning as provided in  
24 section 36a-846; and

25 (7) "Student loan servicer" has the same meaning as provided in  
26 section 36a-846.

27 (b) (1) For calendar or income years commencing on and after January  
28 1, 2025, and for taxable years commencing on and after January 1, 2026,  
29 each qualified employer that employs a qualified employee and makes  
30 a payment directly to a student loan servicer on behalf of such qualified  
31 employee on a student education loan that was used to finance the  
32 qualified employee's attendance at an institution of higher education  
33 shall be eligible for a credit against the tax imposed under this chapter,  
34 [or] chapter 207 or chapter 229, other than the liability imposed by  
35 section 12-707. Such credit shall be equal to fifty per cent of the amount  
36 of payments made to the outstanding principal balance of such loans by  
37 the qualified employer during the calendar, [or] income or taxable year,  
38 provided (A) the credit shall not be allowed against the tax imposed  
39 under this chapter, [and] chapter 207 and chapter 229 for the same loan  
40 payment, and (B) the amount of credit allowed for any calendar, [or]  
41 income or taxable year with respect to a specific qualified employee  
42 shall not exceed two thousand six hundred twenty-five dollars.

43 (2) A qualified employer may claim the credit under subdivision (1)  
44 of this subsection for a payment made during the part of the calendar,  
45 [or] income or taxable year, as applicable, the qualified employee  
46 worked and resided in the state, provided a qualified employee who  
47 worked and resided in the state for any part of a month shall be deemed  
48 to have worked and resided in the state for the entire month for

49 purposes of this section.

50 (c) (1) To claim a credit under subsection (b) of this section, an eligible  
51 qualified employer shall file an application with the commissioner in a  
52 form and manner prescribed by the commissioner. Such qualified  
53 employer shall include a list of qualified employees for whom the  
54 qualified employer will be making a payment pursuant to subsection (b)  
55 of this section, the total amount the qualified employer will pay toward  
56 such qualified employees' student education loans in the calendar, [or]  
57 income or taxable year, as applicable, the student loan servicer for each  
58 such student education loan and such other information as the  
59 commissioner may require for purposes of this section. Upon receipt of  
60 an application, the commissioner shall determine and reserve the  
61 amount of the credit the qualified employer will be entitled to claim and  
62 shall issue a voucher for such amount to the qualified employer. A  
63 qualified employer may not claim for any calendar, [or] income or  
64 taxable year more than the amount set forth in such voucher.

65 (2) The aggregate amount of tax credits that may be reserved by the  
66 commissioner under this section shall not exceed ten million dollars in  
67 any one [calendar or income] fiscal year and credits shall be reserved in  
68 the order of applications received by the commissioner.

69 (3) A qualified employer that claims the credit under subsection (b)  
70 of this section shall provide any documentation required by the  
71 commissioner in a form and manner prescribed by the commissioner.

72 (4) If a qualified employer is an S corporation or an entity treated as  
73 a partnership for federal income tax purposes, the shareholders or  
74 partners of such qualified employer may claim the credit. If the qualified  
75 employer is a single member limited liability company that is  
76 disregarded as an entity separate from its owner, the limited liability  
77 company's owner may claim the credit.

78 (d) (1) A qualified small business may apply to the commissioner in  
79 accordance with the provisions of subdivision (2) of this subsection to  
80 exchange any credit allowed under subsection (b) of this section for a

81 credit refund equal to the value of the credit. Any amount of credit  
82 refunded under this subsection shall be refunded to the qualified small  
83 business in accordance with the provisions of this chapter, [or] chapter  
84 207 or chapter 229, as applicable. No interest shall be allowed or paid on  
85 any amount of credit refunded under this subsection. Any amount of  
86 credit refunded under this subsection shall be subject to the provisions  
87 of section 12-39g.

88 (2) Each application for a credit refund under this subsection shall be  
89 filed, on such forms and containing such information as prescribed by  
90 the commissioner, on or before the original due date of the return  
91 prescribed under section 12-205, [or] 12-222 or 12-719, as applicable, for  
92 the calendar, [or] income or taxable year for which such credit was  
93 earned or, if applicable, the extended due date of such year's return. No  
94 application for a credit refund under this subsection may be filed after  
95 the due date or extended due date, as the case may be, of such return.

96 (3) A qualified small business may not exchange for any calendar, [or]  
97 income or taxable year more than the amount of the credit set forth in  
98 the voucher issued by the commissioner pursuant to subsection (c) of  
99 this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2026, and applicable to taxable years commencing on or after January 1, 2026</i>	12-217qq

**HED**                      *Joint Favorable Subst. C/R*    FIN