



General Assembly

**Substitute Bill No. 13**

February Session, 2024



**AN ACT INCENTIVIZING STUDENT LOAN REPAYMENT ASSISTANCE.**

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 Section 12-217qq of the general statutes is repealed and the  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, 2025, and*  
3 *applicable to calendar and income years commencing on or after January 1,*  
4 *2025*):

5 (a) As used in this section:

6 [(1) "Authority" means the Connecticut Higher Education  
7 Supplemental Loan Authority;]

8 [(2)] (1) "Commissioner" means the Commissioner of Revenue  
9 Services;

10 [(3) "Eligible education loan" means an authority loan, as defined in  
11 section 10a-223, that is in repayment;]

12 [(4)] (2) "Full-time" means required to work at least thirty-five hours  
13 per week;

14 [(5)] (3) "Qualified employee" means an individual who (A) is a  
15 resident of the state, (B) has earned his or her first bachelor's degree from  
16 an institution of higher education in the immediately preceding five-

17 year period, (C) is employed full-time in the state by a qualified  
18 employer, (D) is not an owner, member or partner of such qualified  
19 employer or a family member of an owner, member or partner of such  
20 qualified employer, and (E) has received [an eligible] a student  
21 education loan;

22 [(6)] (4) "Qualified employer" means a corporation licensed to operate  
23 a business in the state that is subject to tax under this chapter or chapter  
24 207; [and]

25 [(7)] (5) "Qualified small business" means a qualified employer that  
26 has gross receipts of not more than five million dollars for the calendar  
27 or income year, as applicable, for which a credit under this section is  
28 allowed;

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

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

33 (b) (1) For calendar or income years commencing on and after January  
34 1, [2022] 2025, each qualified employer that employs a qualified  
35 employee and makes a payment directly to [the authority] a student  
36 loan servicer on behalf of such qualified employee on [an eligible] a  
37 student education loan that was used to finance the qualified  
38 employee's attendance at an institution of higher education [may claim]  
39 shall be eligible for a credit against the tax imposed under this chapter  
40 or chapter 207. Such credit shall be [granted in an amount] equal to fifty  
41 per cent of the amount of payments made to the outstanding principal  
42 balance of such loans by the qualified employer during the calendar or  
43 income year, provided (A) the credit shall not be allowed against the tax  
44 imposed under this chapter and chapter 207 for the same loan payment,  
45 and (B) the amount of credit allowed for any calendar or income year  
46 with respect to a specific qualified employee shall not exceed two  
47 thousand six hundred twenty-five dollars.

48 (2) A qualified employer may claim the credit under subdivision (1)  
49 of this subsection for a payment made during the part of the calendar or  
50 income year the qualified employee worked and resided in the state,  
51 provided a qualified employee who worked and resided in the state for  
52 any part of a month shall be deemed to have worked and resided in the  
53 state for the entire month for purposes of this section.

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

69 (2) The aggregate amount of tax credits that may be reserved by the  
70 commissioner under this section shall not exceed ten million dollars in  
71 any one calendar or income year and credits shall be reserved in the  
72 order of applications received by the commissioner.

73 ~~[(c)]~~ (3) A qualified employer that claims the credit under subsection  
74 (b) of this section shall provide any documentation required by the  
75 commissioner in a form and manner prescribed by the commissioner.

76 (d) (1) A qualified small business may apply to the commissioner in  
77 accordance with the provisions of subdivision (2) of this subsection to  
78 exchange any credit allowed under subsection (b) of this section for a  
79 credit refund equal to the value of the credit. Any amount of credit

80 refunded under this subsection shall be refunded to the qualified small  
81 business in accordance with the provisions of this chapter or chapter  
82 207, as applicable. No interest shall be allowed or paid on any amount  
83 of credit refunded under this subsection. Any amount of credit refunded  
84 under this subsection shall be subject to the provisions of section 12-39h.

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

93 (3) A qualified small business may not exchange for any calendar or  
94 income year more than the amount of the credit set forth in the voucher  
95 issued by the commissioner pursuant to subsection (c) of this section.

96 Sec. 2. (NEW) (*Effective July 1, 2024*) (a) As used in this section,  
97 "authority loan" and "eligible loan" have the same meanings as provided  
98 in section 10a-223 of the general statutes.

99 (b) The Connecticut Higher Education Supplemental Loan Authority  
100 shall, subject to available funding pursuant to subsection (d) of this  
101 section, establish a High Priority Occupation Loan Subsidy Program to  
102 subsidize interest rates on authority loans issued to refinance eligible  
103 loans to individuals who are employed in a high priority occupation and  
104 meet eligibility criteria established pursuant to subsection (c) of this  
105 section.

106 (c) The authority shall consult with the Office of Workforce Strategy  
107 to: (1) Designate, as high priority occupations under the High Priority  
108 Occupation Loan Subsidy Program, occupations that (A) promote the  
109 health, welfare or education of residents of the state, (B) have a high  
110 demand for their services, as determined by the authority and the office,  
111 and (C) are experiencing or are projected to experience a workforce

112 shortage that may affect the level of services provided; (2) establish  
113 administrative guidelines for the implementation and operation of the  
114 program; and (3) establish eligibility criteria for the program, which  
115 shall include, but need not be limited to, (A) applicant requirements,  
116 including employment requirements, (B) interest rate subsidies and  
117 principal limits on authority loans subject to the program, (C) the  
118 process for verifying the employment of applicants, and (D) the  
119 requirement that an interest rate subsidy through the program shall  
120 terminate for any subsidy recipient who ceases to meet the employment  
121 requirements of the program during the term of such recipient's  
122 authority loan.

123 (d) The authority shall maintain a separate, nonlapsing account to  
124 hold funds for the High Priority Occupation Loan Subsidy Program.  
125 The account shall contain any moneys required by law to be deposited  
126 in the account, including, but not limited to, any state appropriation or  
127 the proceeds from the sale of bonds issued for the purpose of the  
128 program. Moneys in the account shall be used (1) for the purposes of the  
129 program and for reasonable and necessary expenses for the  
130 administration of such program, (2) for the issuance of authority loans  
131 to refinance one or more eligible loans, and (3) to maintain a reserve held  
132 by the authority to cover any losses incurred by the authority from the  
133 issuance of such authority loans.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2025, and applicable to calendar and income years commencing on or after January 1, 2025</i>	12-217qq
Sec. 2	<i>July 1, 2024</i>	New section

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