



General Assembly

**Substitute Bill No. 435**

January Session, 2019



**AN ACT ESTABLISHING A TAX CREDIT FOR EMPLOYERS MAKING  
EDUCATION LOAN PAYMENTS FOR EMPLOYEES.**

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

1 Section 1. (NEW) (*Effective January 1, 2020, and applicable to taxable*  
2 *years commencing on or after January 1, 2020*) (a) As used in this section:

3 (1) "Qualified employee" means an employee who (A) is required to  
4 work at least thirty-five hours per week, (B) is a resident of the state,  
5 and (C) is not an owner, member or partner of a qualified employer or  
6 a family member of an owner, member or partner of a qualified  
7 employer;

8 (2) "Qualified employer" means a corporation licensed to operate a  
9 business in the state that employs a qualified employee and is subject  
10 to tax under chapter 207 or 208 of the general statutes; and

11 (3) "Eligible education loan" means a loan made by the Connecticut  
12 Higher Education Supplemental Loan Authority or by any other  
13 private or governmental lender to a qualified employee to finance  
14 attendance at a private occupational school or a public or independent  
15 institution of higher education in the state. "Eligible education loan"  
16 does not include a refinanced or consolidated loan, unless the  
17 refinanced or consolidated loan is made by the Connecticut Higher  
18 Education Supplemental Loan Authority.

19 (b) (1) Commencing January 1, 2020, and in each taxable year  
20 thereafter, any qualified employer that employs a qualified employee  
21 and makes loan payments directly to a lender on an eligible education  
22 loan on behalf of the qualified employee may claim a credit against the  
23 tax imposed under chapter 207 or 208 of the general statutes. Such  
24 credit shall be equal to fifty per cent of the amount of the monthly loan  
25 payment made by such employer on the eligible education loan,  
26 multiplied by the number of months during the taxable year (A) such  
27 employer made such loan payments, and (B) the qualified employee  
28 was employed by such employer. No qualified employer may claim a  
29 credit against the tax imposed under both chapters 207 and 208 of the  
30 general statutes for the same loan payment amount.

31 (2) A qualified employer may claim a credit under this subsection  
32 for a loan payment made to a lender on an eligible education loan,  
33 during the part of the taxable year that the qualified employee worked  
34 and resided in the state, provided a qualified employee who worked  
35 and resided in the state for any part of a month shall be deemed to  
36 have worked and resided in the state for the entire month for the  
37 purposes of this section.

38 (3) A qualified employer may not claim a credit under this  
39 subsection (A) for a loan payment made during any month of the  
40 taxable year during which the employee was not a qualified employee,  
41 (B) for loan payments in excess of the amounts due on the eligible  
42 education loan during the taxable year, or (C) for more than thirty-six  
43 months of loan payments made on behalf of any qualified employee.

44 (c) A qualified employer that claims the credit under subsection (b)  
45 of this section shall provide any documentation required by the  
46 Commissioner of Revenue Services in a form and manner prescribed  
47 by the commissioner.

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

Section 1	<i>January 1, 2020, and applicable to taxable years commencing on or after January 1, 2020</i>	New section
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**Statement of Legislative Commissioners:**

In Subsec. (b)(1), "or lenders" was deleted for conciseness, "on behalf of the qualified employee", "both" and Subpara. designators were added for clarity; in Subsec. (b)(2), "loan payments", "loans" and "loan payment amounts" were made singular for consistency with the style of the general statutes, "actually", "relevant", "or lenders only with respect to" and the Subpara. designators were deleted for conciseness, "and resided" was added for accuracy and "for the purposes of this section" was added for clarity; in Subsec. (b)(3), "with respect to months" was changed to "for a loan payment made during any month" for clarity, "on the eligible education loan" was added for clarity and "with respect to any specific" was changed to "of loan payments made on behalf of any" for clarity.

**HED**      *Joint Favorable Subst.*