

OFFICE OF FISCAL ANALYSIS

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sSB-252

AN ACT ESTABLISHING TAX CREDITS FOR EMPLOYERS WHO MAKE PAYMENTS TOWARD TUITION COSTS OF EMPLOYEES AND FOR TAXPAYERS WHO DONATE TO ENDOWED PROFESSORSHIPS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Department of Revenue Services	GF - Revenue Loss	None	115-160 million
Department of Revenue Services	GF - Cost	110,465	72,703
State Comptroller - Fringe Benefits ¹	GF - Cost	14,374	29,467

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which establishes tax credits for tuition reimbursement and endowed professorship donations, results in: 1) a General Fund revenue loss of \$115 million to \$160 million annually beginning in FY 24, 2) a one-time cost to the Department of Revenue Services (DRS) of \$75,000 in FY 23 only, and 3) an on-going cost to DRS of \$49,839 in FY 23 (partial year) and \$102,170 in FY 24 for salary and fringe benefit costs associated with one Revenue Examiner.

Section 1 establishes a tax credit under the corporation business and insurance premiums taxes for 50% of tuition reimbursement costs,

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.

capped at \$2,500 per employee. Based on a national employer tuition reimbursement market estimated to be between \$20 billion and \$28 billion annually, this results in a revenue loss of between \$113 million and \$158 million each year beginning in FY 24.²

Section 1 also results in a one-time cost to DRS of \$75,000 in FY 23 for updates to the online Taxpayer Service Center and internal CTax integrated tax administration system, as well as an ongoing annualized cost of \$102,170 (\$72,703 for salary and \$29,467 for fringe benefit costs) for one Revenue Examiner for audit and compliance.

Section 2 allows a tax credit under various taxes for amounts donated to an endowed professorship at a Connecticut public higher education institution.³ This results in a revenue loss of up to \$2 million each year beginning in FY 24.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

*Sources: Georgetown University Center on Education and the Workforce
International Foundation of Employee Benefit Plans*

² Data from the International Foundation of Employee Benefit Plans indicates that the most popular reimbursement amount to employees is \$5,000 to \$5,999.

³ For context, there are currently 122 endowed professorships and chairs between UConn and UConn Health.