

OFFICE OF FISCAL ANALYSIS

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HB-6928

AN ACT CONCERNING THE PERSONAL INCOME TAX
TREATMENT OF CERTAIN STUDENT LOAN FORGIVENESS
AMOUNTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Revenue Serv., Dept.	GF - Cost	Up to \$75,000	None
Revenue Serv., Dept.	GF - Revenue Loss	None	None

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which establishes a personal income tax exemption for up to \$10,000 of federally taxable student loan forgiveness, results in a one-time cost of up to \$75,000 in FY 24 for programming updates to the CTax tax administration system and myconneCT online portal, and for form development.

The Out Years

There is no revenue impact through FY 26 as the American Rescue Plan Act of 2021 exempted student loan forgiveness from taxation at the federal level until the end of 2025. The total General Fund revenue loss in FY 27 and beyond is dependent upon (1) the continued federal treatment of student loan debt forgiveness and (2) the overall amount of federally taxable forgiveness for Connecticut residents annually.

Primary Analyst: CW
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5/1/23