



House of Representatives

File No. 857

General Assembly

January Session, 2023

(Reprint of File No. 744)

Substitute House Bill No. 6901
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
June 2, 2023

AN ACT CONCERNING A STUDENT LOAN REIMBURSEMENT PROGRAM.

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

1 Section 1. (NEW) (*Effective July 1, 2023*) (a) On or before January 1,
2 2024, the executive director of the Office of Higher Education shall
3 establish, within available appropriations, a program to reimburse
4 certain persons for student loan payments. The Office of Higher
5 Education may approve the participation of any person in the student
6 loan reimbursement program who (1) (A) attended a state college or
7 university and graduated with a bachelor's degree, (B) left such college
8 or university in good academic standing before graduation, or (C) holds
9 an occupational or professional license or certification issued pursuant
10 to title 20 of the general statutes; (2) is a resident of the state, as defined
11 in section 12-701 of the general statutes, as amended by this act, and has
12 been a resident of the state for not less than five years; (3) has (A) a
13 Connecticut adjusted gross income of not more than one hundred
14 twenty-five thousand dollars and files a return under the federal income

15 tax as an unmarried individual or a married individual filing separately,
16 or (B) a Connecticut adjusted gross income of not more than one
17 hundred seventy-five thousand dollars and files a return under the
18 federal income tax as a head of household, a married individual filing
19 jointly or a surviving spouse, as defined in Section 2(a) of the Internal
20 Revenue Code of 1986, or any subsequent corresponding internal
21 revenue code of the United States, as amended from time to time; and
22 (4) has a student loan. For the purposes of this section "state college or
23 university" means any public or private college or university in the state.

24 (b) Persons who qualify under subsection (a) of this section may
25 apply to the Office of Higher Education to participate in the student loan
26 reimbursement program at such time and in such manner as the
27 executive director of said office prescribes.

28 (c) (1) The executive director of the Office of Higher Education shall
29 award grants to persons approved to participate in the student loan
30 reimbursement program on a first-come, first-served basis, provided
31 such person meets the requirements of this subsection.

32 (2) Each participant in the program shall volunteer for a nonprofit
33 organization in the state for not less than fifty unpaid hours for each
34 year of participation in the student loan reimbursement program. For
35 purposes of this section, "volunteer hours" shall include, but need not
36 be limited to, service on the board of directors for a nonprofit
37 organization and military service.

38 (3) Each participant in the program shall annually submit receipts of
39 payment on student loans and evidence of having completed such
40 volunteer hours to the Office of Higher Education in the manner
41 prescribed by the executive director.

42 (4) The Office of Higher Education shall reimburse each program
43 participant who meets the requirements of this section for student loan
44 payments an amount of not more than five thousand dollars, annually,
45 provided no person shall participate in the student loan reimbursement
46 program for more than four years or receive more than twenty thousand

47 dollars in aggregate reimbursement for student loan payments.

48 (d) The Office of Higher Education may use up to two and one-half
49 per cent of the funds appropriated for purposes of this section, annually,
50 for program administration, promotion and recruitment activities.

51 (e) Not later than July 1, 2025, and each January and July thereafter,
52 the executive director of the Office of Higher Education shall report, in
53 accordance with the provisions of section 11-4a of the general statutes,
54 to the joint standing committees of the General Assembly having
55 cognizance of matters relating to higher education and employment
56 advancement and appropriations and the budgets of state agencies on
57 the operation and effectiveness of the program and any
58 recommendations to expand the program.

59 Sec. 2. Subparagraph (B) of subdivision (20) of subsection (a) of
60 section 12-701 of the general statutes is repealed and the following is
61 substituted in lieu thereof (*Effective January 1, 2024, and applicable to*
62 *taxable years commencing on or after January 1, 2024*):

63 (B) There shall be subtracted therefrom:

64 (i) To the extent properly includable in gross income for federal
65 income tax purposes, any income with respect to which taxation by any
66 state is prohibited by federal law;

67 (ii) To the extent allowable under section 12-718, exempt dividends
68 paid by a regulated investment company;

69 (iii) To the extent properly includable in gross income for federal
70 income tax purposes, the amount of any refund or credit for
71 overpayment of income taxes imposed by this state, or any other state
72 of the United States or a political subdivision thereof, or the District of
73 Columbia;

74 (iv) To the extent properly includable in gross income for federal
75 income tax purposes and not otherwise subtracted from federal
76 adjusted gross income pursuant to clause (x) of this subparagraph in

77 computing Connecticut adjusted gross income, any tier 1 railroad
78 retirement benefits;

79 (v) To the extent any additional allowance for depreciation under
80 Section 168(k) of the Internal Revenue Code for property placed in
81 service after September 27, 2017, was added to federal adjusted gross
82 income pursuant to subparagraph (A)(ix) of this subdivision in
83 computing Connecticut adjusted gross income, twenty-five per cent of
84 such additional allowance for depreciation in each of the four
85 succeeding taxable years;

86 (vi) To the extent properly includable in gross income for federal
87 income tax purposes, any interest income from obligations issued by or
88 on behalf of the state of Connecticut, any political subdivision thereof,
89 or public instrumentality, state or local authority, district or similar
90 public entity created under the laws of the state of Connecticut;

91 (vii) To the extent properly includable in determining the net gain or
92 loss from the sale or other disposition of capital assets for federal income
93 tax purposes, any gain from the sale or exchange of obligations issued
94 by or on behalf of the state of Connecticut, any political subdivision
95 thereof, or public instrumentality, state or local authority, district or
96 similar public entity created under the laws of the state of Connecticut,
97 in the income year such gain was recognized;

98 (viii) Any interest on indebtedness incurred or continued to purchase
99 or carry obligations or securities the interest on which is subject to tax
100 under this chapter but exempt from federal income tax, to the extent that
101 such interest on indebtedness is not deductible in determining federal
102 adjusted gross income and is attributable to a trade or business carried
103 on by such individual;

104 (ix) Ordinary and necessary expenses paid or incurred during the
105 taxable year for the production or collection of income which is subject
106 to taxation under this chapter but exempt from federal income tax, or
107 the management, conservation or maintenance of property held for the
108 production of such income, and the amortizable bond premium for the

109 taxable year on any bond the interest on which is subject to tax under
110 this chapter but exempt from federal income tax, to the extent that such
111 expenses and premiums are not deductible in determining federal
112 adjusted gross income and are attributable to a trade or business carried
113 on by such individual;

114 (x) (I) For taxable years commencing prior to January 1, 2019, for a
115 person who files a return under the federal income tax as an unmarried
116 individual whose federal adjusted gross income for such taxable year is
117 less than fifty thousand dollars, or as a married individual filing
118 separately whose federal adjusted gross income for such taxable year is
119 less than fifty thousand dollars, or for a husband and wife who file a
120 return under the federal income tax as married individuals filing jointly
121 whose federal adjusted gross income for such taxable year is less than
122 sixty thousand dollars or a person who files a return under the federal
123 income tax as a head of household whose federal adjusted gross income
124 for such taxable year is less than sixty thousand dollars, an amount
125 equal to the Social Security benefits includable for federal income tax
126 purposes;

127 (II) For taxable years commencing prior to January 1, 2019, for a
128 person who files a return under the federal income tax as an unmarried
129 individual whose federal adjusted gross income for such taxable year is
130 fifty thousand dollars or more, or as a married individual filing
131 separately whose federal adjusted gross income for such taxable year is
132 fifty thousand dollars or more, or for a husband and wife who file a
133 return under the federal income tax as married individuals filing jointly
134 whose federal adjusted gross income from such taxable year is sixty
135 thousand dollars or more or for a person who files a return under the
136 federal income tax as a head of household whose federal adjusted gross
137 income for such taxable year is sixty thousand dollars or more, an
138 amount equal to the difference between the amount of Social Security
139 benefits includable for federal income tax purposes and the lesser of
140 twenty-five per cent of the Social Security benefits received during the
141 taxable year, or twenty-five per cent of the excess described in Section
142 86(b)(1) of the Internal Revenue Code;

143 (III) For the taxable year commencing January 1, 2019, and each
144 taxable year thereafter, for a person who files a return under the federal
145 income tax as an unmarried individual whose federal adjusted gross
146 income for such taxable year is less than seventy-five thousand dollars,
147 or as a married individual filing separately whose federal adjusted gross
148 income for such taxable year is less than seventy-five thousand dollars,
149 or for a husband and wife who file a return under the federal income tax
150 as married individuals filing jointly whose federal adjusted gross
151 income for such taxable year is less than one hundred thousand dollars
152 or a person who files a return under the federal income tax as a head of
153 household whose federal adjusted gross income for such taxable year is
154 less than one hundred thousand dollars, an amount equal to the Social
155 Security benefits includable for federal income tax purposes; and

156 (IV) For the taxable year commencing January 1, 2019, and each
157 taxable year thereafter, for a person who files a return under the federal
158 income tax as an unmarried individual whose federal adjusted gross
159 income for such taxable year is seventy-five thousand dollars or more,
160 or as a married individual filing separately whose federal adjusted gross
161 income for such taxable year is seventy-five thousand dollars or more,
162 or for a husband and wife who file a return under the federal income tax
163 as married individuals filing jointly whose federal adjusted gross
164 income from such taxable year is one hundred thousand dollars or more
165 or for a person who files a return under the federal income tax as a head
166 of household whose federal adjusted gross income for such taxable year
167 is one hundred thousand dollars or more, an amount equal to the
168 difference between the amount of Social Security benefits includable for
169 federal income tax purposes and the lesser of twenty-five per cent of the
170 Social Security benefits received during the taxable year, or twenty-five
171 per cent of the excess described in Section 86(b)(1) of the Internal
172 Revenue Code;

173 (xi) To the extent properly includable in gross income for federal
174 income tax purposes, any amount rebated to a taxpayer pursuant to
175 section 12-746;

176 (xii) To the extent properly includable in the gross income for federal
177 income tax purposes of a designated beneficiary, any distribution to
178 such beneficiary from any qualified state tuition program, as defined in
179 Section 529(b) of the Internal Revenue Code, established and
180 maintained by this state or any official, agency or instrumentality of the
181 state;

182 (xiii) To the extent allowable under section 12-701a, contributions to
183 accounts established pursuant to any qualified state tuition program, as
184 defined in Section 529(b) of the Internal Revenue Code, established and
185 maintained by this state or any official, agency or instrumentality of the
186 state;

187 (xiv) To the extent properly includable in gross income for federal
188 income tax purposes, the amount of any Holocaust victims' settlement
189 payment received in the taxable year by a Holocaust victim;

190 (xv) To the extent properly includable in gross income for federal
191 income tax purposes of an account holder, as defined in section 31-
192 51ww, interest earned on funds deposited in the individual
193 development account, as defined in section 31-51ww, of such account
194 holder;

195 (xvi) To the extent properly includable in the gross income for federal
196 income tax purposes of a designated beneficiary, as defined in section
197 3-123aa, interest, dividends or capital gains earned on contributions to
198 accounts established for the designated beneficiary pursuant to the
199 Connecticut Homecare Option Program for the Elderly established by
200 sections 3-123aa to 3-123ff, inclusive;

201 (xvii) To the extent properly includable in gross income for federal
202 income tax purposes, any income received from the United States
203 government as retirement pay for a retired member of (I) the Armed
204 Forces of the United States, as defined in Section 101 of Title 10 of the
205 United States Code, or (II) the National Guard, as defined in Section 101
206 of Title 10 of the United States Code;

207 (xviii) To the extent properly includable in gross income for federal
208 income tax purposes for the taxable year, any income from the discharge
209 of indebtedness in connection with any reacquisition, after December
210 31, 2008, and before January 1, 2011, of an applicable debt instrument or
211 instruments, as those terms are defined in Section 108 of the Internal
212 Revenue Code, as amended by Section 1231 of the American Recovery
213 and Reinvestment Act of 2009, to the extent any such income was added
214 to federal adjusted gross income pursuant to subparagraph (A)(xi) of
215 this subdivision in computing Connecticut adjusted gross income for a
216 preceding taxable year;

217 (xix) To the extent not deductible in determining federal adjusted
218 gross income, the amount of any contribution to a manufacturing
219 reinvestment account established pursuant to section 32-9zz in the
220 taxable year that such contribution is made;

221 (xx) To the extent properly includable in gross income for federal
222 income tax purposes, (I) for the taxable year commencing January 1,
223 2015, ten per cent of the income received from the state teachers'
224 retirement system, (II) for the taxable years commencing January 1,
225 2016, to January 1, 2020, inclusive, twenty-five per cent of the income
226 received from the state teachers' retirement system, and (III) for the
227 taxable year commencing January 1, 2021, and each taxable year
228 thereafter, fifty per cent of the income received from the state teachers'
229 retirement system or, for a taxpayer whose federal adjusted gross
230 income does not exceed the applicable threshold under clause (xxi) of
231 this subparagraph, the percentage pursuant to said clause of the income
232 received from the state teachers' retirement system, whichever
233 deduction is greater;

234 (xxi) To the extent properly includable in gross income for federal
235 income tax purposes, except for retirement benefits under clause (iv) of
236 this subparagraph and retirement pay under clause (xvii) of this
237 subparagraph, for a person who files a return under the federal income
238 tax as an unmarried individual whose federal adjusted gross income for
239 such taxable year is less than seventy-five thousand dollars, or as a

240 married individual filing separately whose federal adjusted gross
241 income for such taxable year is less than seventy-five thousand dollars,
242 or as a head of household whose federal adjusted gross income for such
243 taxable year is less than seventy-five thousand dollars, or for a husband
244 and wife who file a return under the federal income tax as married
245 individuals filing jointly whose federal adjusted gross income for such
246 taxable year is less than one hundred thousand dollars, (I) for the taxable
247 year commencing January 1, 2019, fourteen per cent of any pension or
248 annuity income, (II) for the taxable year commencing January 1, 2020,
249 twenty-eight per cent of any pension or annuity income, (III) for the
250 taxable year commencing January 1, 2021, forty-two per cent of any
251 pension or annuity income, and (IV) for the taxable year commencing
252 January 1, 2022, and each taxable year thereafter, one hundred per cent
253 of any pension or annuity income;

254 (xxii) The amount of lost wages and medical, travel and housing
255 expenses, not to exceed ten thousand dollars in the aggregate, incurred
256 by a taxpayer during the taxable year in connection with the donation
257 to another person of an organ for organ transplantation occurring on or
258 after January 1, 2017;

259 (xxiii) To the extent properly includable in gross income for federal
260 income tax purposes, the amount of any financial assistance received
261 from the Crumbling Foundations Assistance Fund or paid to or on
262 behalf of the owner of a residential building pursuant to sections 8-442
263 and 8-443;

264 (xxiv) To the extent properly includable in gross income for federal
265 income tax purposes, the amount calculated pursuant to subsection (b)
266 of section 12-704g for income received by a general partner of a venture
267 capital fund, as defined in 17 CFR 275.203(l)-1, as amended from time to
268 time;

269 (xxv) To the extent any portion of a deduction under Section 179 of
270 the Internal Revenue Code was added to federal adjusted gross income
271 pursuant to subparagraph (A)(xiv) of this subdivision in computing

272 Connecticut adjusted gross income, twenty-five per cent of such
273 disallowed portion of the deduction in each of the four succeeding
274 taxable years;

275 (xxvi) To the extent properly includable in gross income for federal
276 income tax purposes, for a person who files a return under the federal
277 income tax as an unmarried individual whose federal adjusted gross
278 income for such taxable year is less than seventy-five thousand dollars,
279 or as a married individual filing separately whose federal adjusted gross
280 income for such taxable year is less than seventy-five thousand dollars,
281 or as a head of household whose federal adjusted gross income for such
282 taxable year is less than seventy-five thousand dollars, or for a husband
283 and wife who file a return under the federal income tax as married
284 individuals filing jointly whose federal adjusted gross income for such
285 taxable year is less than one hundred thousand dollars, (I) for the taxable
286 year commencing January 1, 2023, twenty-five per cent of any
287 distribution from an individual retirement account other than a Roth
288 individual retirement account, (II) for the taxable year commencing
289 January 1, 2024, fifty per cent of any distribution from an individual
290 retirement account other than a Roth individual retirement account, (III)
291 for the taxable year commencing January 1, 2025, seventy-five per cent
292 of any distribution from an individual retirement account other than a
293 Roth individual retirement account, and (IV) for the taxable year
294 commencing January 1, 2026, and each taxable year thereafter, any
295 distribution from an individual retirement account other than a Roth
296 individual retirement account; [and]

297 (xxvii) To the extent properly includable in gross income for federal
298 income tax purposes, for the taxable year commencing January 1, 2022,
299 the amount or amounts paid or otherwise credited to any eligible
300 resident of this state under (I) the 2020 Earned Income Tax Credit
301 enhancement program from funding allocated to the state through the
302 Coronavirus Relief Fund established under the Coronavirus Aid, Relief,
303 and Economic Security Act, P.L. 116-136, and (II) the 2021 Earned
304 Income Tax Credit enhancement program from funding allocated to the
305 state pursuant to Section 9901 of Subtitle M of Title IX of the American

306 Rescue Plan Act of 2021, P.L. 117-2; and
307 (xxviii) To the extent properly includable in gross income for federal
308 income tax purposes, the amount of any student loan reimbursement
309 payment received by a taxpayer pursuant to section 1 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2023</i>	New section
Sec. 2	<i>January 1, 2024, and applicable to taxable years commencing on or after January 1, 2024</i>	12-701(a)(20)(B)

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Higher Ed., Off.	GF - Cost	Significant	Significant
Higher Ed., Off.	GF - Cost	Up to 140,000	92,250
State Comptroller - Fringe Benefits ¹	GF - Cost	38,538	39,501
Department of Revenue Services	GF - Cost	None	Up to 75,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a cost to the Office of Higher Education, the State Comptroller (Fringe Benefits) and the Department of Revenue Services, associated with establishing a student loan reimbursement program for certain individuals employed in Connecticut.

Section 1 results in a significant annual cost to the Office of Higher Education (OHE) beginning in FY 24 associated with a student loan reimbursement program for certain Connecticut residents. OHE does not currently have the funds available to operate this program. The scope of the costs is dependent upon the number and amount of reimbursements awarded annually. Each participant in the grant program is eligible to receive up to \$5,000 annually and no more than \$20,000, over four years of participation in the program.

OHE would require one full-time program administrator in FY 24

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 42.82% of payroll in FY 24.

and beyond, resulting in annual salary expenses of approximately \$90,000 in FY 24 and \$92,250 in FY 25 and corresponding fringe benefit costs of approximately \$38,538 in FY 24 and \$39,501 in FY 25. Additionally, OHE would require up to \$50,000 in FY 24, associated with software and information technology upgrades.

Section 2 results in a one-time cost of up to \$75,000 in FY 25 for programming updates to the CTax tax administration system and myconneCT online portal, and for form development associated with the student loan reimbursement program established in **Section 1** of the bill.

House "A" strikes the underlying bill as its associated fiscal impact and replaces it with the fiscal impact described above.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the number of grant awards administered.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Bill Analysis (as amended by House "a")***sHB 6901*****AN ACT CONCERNING A STUDENT LOAN REIMBURSEMENT PROGRAM FOR CERTAIN PROFESSIONALS.*****SUMMARY:**

The bill establishes a pilot program to reimburse certain residents for student loan payments. The bill requires the Office of Higher Education to determine eligibility and award grant payments.

To be eligible for a grant award, a resident must: (1) have attended a state college or university and graduated with a bachelor's degree, (2) have left such college or university in good academic standing before graduation, or hold an occupational or professional license or certification issued pursuant to title 20 of the general statutes; (3) be a resident of the state and have been a resident of the state for not less than five years; (4) have a Connecticut adjusted gross income of not more than \$125,000 and file a return under the federal income tax as an unmarried individual or a married individual filing separately, or a Connecticut adjusted gross income of not more than \$175,000 and file a return under the federal income tax as a head of household, a married individual filing jointly or a surviving spouse; and (5) have a student loan.

Each participant is eligible for a loan payment reimbursement of up to five thousand dollars annually, with a maximum of four years of eligibility and up to twenty thousand dollars. Eligible participants are required to volunteer for an approved nonprofit organization in the state for at least fifty unpaid hours for each year of participation in the program.

The Office of Higher Education is required to report twice each year on the pilot program, beginning by July 1, 2025.

Additionally, the bill establishes a personal income tax deduction for amounts reimbursed under the bill.

"House Amendment "A" makes a number of procedural changes and adjusts eligibility requirements.

EFFECTIVE DATE: July 1, 2023

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute

Yea 43 Nay 9 (04/20/2023)

Higher Education and Employment Advancement Committee

Joint Favorable

Yea 18 Nay 3 (05/19/2023)