General Assembly

Amendment

January Session, 2025

LCO No. **9960**

Offered by:
SEN. SAMPSON, 16th Dist.
SEN. FAZIO, 36th Dist.

To: Subst. Senate Bill No. **1** File No. 637 Cal. No. 341

(As Amended by Senate Amendment Schedule "A")

"AN ACT INCREASING RESOURCES FOR STUDENTS, SCHOOLS AND SPECIAL EDUCATION."

After the last section, add the following and renumber sections and internal references accordingly:

"Sec. 501. (NEW) (*Effective January 1, 2026, and applicable to income and taxable income years commencing on or after January 1, 2026*) (a) As used in this section:

(1) "Eligible student" means a school-age student (A) who is registered in a qualified school, and (B) with household income not exceeding two hundred fifty per cent of the federal poverty level;

(2) "Qualified school" means a nonpublic elementary or secondary school that is located in the state and that satisfies the requirements prescribed by law for nonpublic schools in the state; and

(3) "Scholarship organization" means a nonprofit organization that is exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, that provides scholarships to enable eligible students to attend a qualified school.

(b) (1) There shall be allowed a credit against the tax imposed by chapter 208 or 229 of the general statutes, other than the liability imposed by section 12-707 of the general statutes, for cash contributions made to a scholarship organization to be used to fund scholarships for eligible students. No entity or individual that makes a contribution for which such entity or individual receives a credit under this section may designate any part of such contribution to a specific qualified school or student.

(2) The amount of the credit allowed shall be fifty per cent of the contribution made for an income or taxable year, as applicable, and shall not exceed (A) one hundred thousand dollars for any income year for any taxpayer subject to the tax imposed by chapter 208 of the general statutes, or (B) twenty thousand dollars for any taxable year for any taxpayer subject to the tax imposed under chapter 229 of the general statutes.

(3) If the taxpayer that made the contribution is an S corporation or an entity treated as a partnership for federal income tax purposes, the credit may be claimed by the taxpayer's shareholders or partners. If such taxpayer is a single member limited liability company that is disregarded as an entity separate from its owner, the credit may be claimed by such limited liability company's owner, provided such owner is subject to the tax imposed under chapter 208 or 229 of the general statutes.

(4) No taxpayer claiming a credit under this section may claim a credit under chapter 228a of the general statutes for the same contribution.

(c) (1) Any entity or individual subject to the tax imposed by chapter 208 or 229 of the general statutes may apply to the Office of Policy and Management, in such form and manner as prescribed by the Secretary of the Office of Policy and Management, to reserve an allocation for a credit in the amount of the contribution such entity or individual intends to make. The application shall contain such information as the secretary deems necessary to administer the provisions of this section.

(2) The secretary shall approve applications on a first-come, first-served basis and shall notify the entity or individual in writing not later than thirty days after the date of receipt of an application of the secretary's approval or rejection of the application. Any entity or individual that is approved shall make the intended contribution to the scholarship organization not later than one hundred twenty days after the date such entity or individual receives notice of the secretary's approval.

(3) The total amount of credits that may be reserved under this subsection shall not exceed two million five hundred thousand dollars in any one fiscal year.

(d) After an entity or individual has made the contribution, such entity or individual shall apply to the Secretary of the Office of Policy and Management for a tax credit voucher and shall provide with the application such documentation and independent certification as the secretary may require pertaining to the amount of the contribution and certifying that such contribution was actually made to the scholarship organization. If the secretary determines that such entity or individual is eligible to be issued a tax credit voucher, the secretary shall enter on the voucher the amount of the credit allowed. The secretary shall provide a copy of such voucher to the Commissioner of Revenue Services upon request. The credit allowed under this section shall be claimed for the income or taxable year in which the contribution was made.

(e) Any entity or individual that submits information to the Secretary

of the Office of Policy and Management that such entity or individual knows to be fraudulent or false shall, in addition to any other penalties provided by law, be liable for a penalty equal to the amount of such entity's or individual's credit allowed under this section.

(f) The Secretary of the Office of Policy and Management and the Commissioner of Revenue Services may, for purposes of determining the correctness of any credit claimed pursuant to this section, examine any books, papers and records relating to the documentation provided with an application for a tax credit voucher under this section.

(g) Not later than March 1, 2027, and annually thereafter, the Secretary of the Office of Policy and Management shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to commerce and finance, revenue and bonding. Such report shall include information for the preceding calendar year regarding (1) the number of applications the secretary received to reserve a credit under this section and the number of such applications that were approved and were rejected, (2) the total number of tax credit vouchers approved and the amount of each such voucher, (3) the number of entities subject to the tax imposed by chapter 208 of the general statutes (A) whose applications were approved, and (B) who received a tax credit voucher, (4) the number of individuals subject to the tax imposed by chapter 229 of the general statutes (A) whose applications were approved, and (B) who received a tax credit voucher, (5) the scholarship organizations to which contributions were made pursuant to this section, and (6) any other information or data the secretary deems relevant or useful to evaluate the effectiveness of the credit under this section to enable eligible students to attend a qualified school."

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

Sec. 501	*January 1, 2026, and applicable to income and taxable income years commencing on or after January 1, 2026*	New section