



**Governor Ned Lamont
State of Connecticut**



FACT SHEET
2024 Legislative Session

**SENATE BILL 13
*AN ACT INCENTIVIZING STUDENT LOAN REPAYMENT ASSISTANCE***

The Problem

Connecticut has several student loan forgiveness and reimbursement incentive programs that incentivize borrowers to work and live in Connecticut. However, many of these programs have confusing eligibility criteria that can be difficult to navigate and have been unfunded for years. Only the Minority Teacher Incentive Program has historically been funded, and one additional program for student loan relief at the Office of Higher Education is funded beginning in Fiscal Year 2025.

In 2019, Governor Lamont signed PA 19-86, which established a state corporation business and insurance premium tax credit for employers that made student loan payments on behalf of their employees. The program took effect in 2022, but few employers have taken advantage of the program because the eligibility criteria was limited to employees holding Connecticut Higher Education Supplemental Loan Authority (CHESLA) student loans.

Governor Lamont's Solution

This proposal expands CHESLA's flexibility to design student loan relief programs that meet the needs of people studying and working in high need professions. CHESLA will consult with the Office of Workforce Strategy to monitor and respond to the ever-changing needs of Connecticut's economy so that the State can continue to connect highly skilled workers to the jobs of tomorrow.

This bill will also expand the employer tax credit program from employees holding CHESLA student loans to employees holding *any* student loan. This proposal also caps the overall issuance to \$10 million annually. As in the existing program, the tax credit for the employer is worth 50% of the amount paid against the employee/borrower's principal loan balance up to \$5,250 paid (\$2,625 tax credit). The tax credit may be applied against the state's corporate tax or insurance premium tax, and it is refundable for small businesses with less than \$5 million in sales.

The legislation funds a campaign to provide outreach and education materials to prospective students planning to take on student debt. The new program will build on recent policy

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initiatives to increase Free Application for Federal Student Aid (FAFSA) applications and expand financial literacy education among high school students. This program will seek to empower students to make informed decisions about student loans with an emphasis on improving equity of access to such information.